

Michigan Department of Treasury
495 (2-04)**Auditing Procedures Report**

Issued under P.A. 2 of 1966, as amended

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name - MONROE COUNTY DRAIN COMMISSIONER, COUNTY AGENCY	County MONROE
Audit Date 12/31/05	Opinion Date 2/17/06	Date Accountant Report Submitted to State: 3/31/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1966, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).	✓		

Certified Public Accountant (Firm Name)

COOLEY HEHL WOHLGAMUTH & CARLTON, CPAS, PLLC

Street Address

ONE SOUTH MONROE STREET

City

MONROE

State

MI

ZIP

48161

Accountant Signature

James A. Cooley

Date

3/26/06

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Monroe County, Michigan

FINANCIAL STATEMENTS

December 31, 2005

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

FINANCIAL STATEMENTS

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Independent Auditor's Report

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, a component unit of Monroe County, as of and for the year ended December 31, 2005, which collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe County Drain Commissioner, County Agency's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2006, on our consideration of the Monroe County Drain Commissioner, County Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 7 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Monroe County Drain Commissioner, County Agency. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cooley Hehl
Wohlgemuth & Carlton

February 17, 2006



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Independent Auditor's Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the financial statements of the Monroe County Drain Commissioner, County Agency as of and for the year ended December 31, 2005, and have issued our report thereon dated February 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Monroe County Drain Commissioner, County Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Monroe County Drain Commissioner, County Agency in a separate letter dated February 17, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, County of Monroe, and federal awarding agencies and the Michigan Department of Environmental Quality, and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Kell
Wohlzammuth & Carlton

February 17, 2006



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Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

Compliance

We have audited the compliance of the Monroe County Drain Commissioner, County Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The Monroe County Drain Commissioner, County Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Monroe County Drain Commissioner, County Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe County Drain Commissioner, County Agency's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Monroe County Drain Commissioner, County Agency's compliance with those requirements.

In our opinion, the Monroe County Drain Commissioner, County Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Monroe County Drain Commissioner, County Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the County of Monroe, and federal awarding agencies and the Michigan Department of Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Cosley Hedd
Wohlgamuth & Carter

February 17, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2005

Our discussion and analysis of Monroe County Drain Commissioner – County Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2005. This letter is presented in conjunction with the transmittal letter and the Agency's financial statements included herewith.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11, 12, and 13) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. Interfund balances and activity have been eliminated to prevent the double reporting of revenues and expenses. The Fund Financial Statements start on page 14.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending as well as reporting on the Agency's major funds. The remaining statements provide financial information about activities for which the Agency acts solely as an agent for the benefit of those outside of the government. The financial statements also include notes, which provide more detailed explanation to some of the information in the financial statements.

Reporting the Agency as a Whole

Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the Agency's governmental and business-type activities between the current year and the prior year:

**Net Assets
(Table 1)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current assets	\$ 9,514,417	\$12,213,406	\$ 1,246,711	\$ 1,041,380	\$10,761,128	\$13,254,786
Restricted assets	3,983,424	3,758,374	10,302,607	6,140,393	14,286,031	9,898,767
Noncurrent assets	46,642,295	49,720,034	19,361,098	17,560,319	66,003,393	67,280,353
Total assets	60,140,136	65,691,814	30,910,416	24,742,092	91,050,552	90,433,906
Current liabilities	6,278,939	4,678,463	934,691	258,198	7,213,630	4,936,661
Noncurrent liabilities	46,682,856	49,713,475	4,257,550	278,450	50,940,406	49,991,925
Total liabilities	52,961,795	54,391,938	5,192,241	536,648	58,154,036	54,928,586
Net assets:						
Invested in capital assets, net of debt	47,295	95,951	15,003,548	17,143,319	15,050,843	17,239,270
Restricted	4,939,023	9,122,323	9,571,383	6,124,997	14,510,406	15,247,320
Unrestricted	2,192,023	2,081,602	1,143,244	937,128	3,335,267	3,018,730
Total Net Assets	<u>\$ 7,178,341</u>	<u>\$11,299,876</u>	<u>\$25,718,175</u>	<u>\$24,205,444</u>	<u>\$32,896,516</u>	<u>\$35,505,320</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2005

Governmental Activities

Revenues for the Agency's governmental activities, Charges for Services (Table 2) increased by \$72,594 this year while operating expenses increased \$233,876. The factors driving these results include:

- ❖ A stable work force with little turnover. Trained, licensed professionals that provide required preventive maintenance on all equipment and vehicles, in addition to safety & licensing expenses required to maintain equipment.

Revenues for the Agency's governmental activities, Local Unit Contributions (Table 2) decreased by \$3,482,955 reflecting the number of water and sewer construction projects open at the end of the year dropping from 9 last year to 5 this year.

- ❖ Two municipalities, Petersburg and Ash projects, are finished.
- ❖ Frenchtown Township is still in the progress of doubling its water distribution capacity with their water plant expansion project, which is expected to be substantially complete by December 2006.
- ❖ The Village of Dundee is still making improvements to its sewer plant capacity with its wastewater treatment plant project. The project is being financed with both a bond issue and grant monies from the Global Alliance Engine Plant Project.
- ❖ Bedford also issued bonds to finance part of the improvements to its sewer plant.

Expenses for the Agency's governmental activities:

- ❖ Debt service increased due to three (3) 2004 and one (1) 2005 new bond issues.
- ❖ Capital Projects – related costs for the 9 projects. Most to be final in spring, 2006.
- ❖ Operation & Maintenance – increased costs are due in part to the County imposed charge for Central Services and payroll related cost. Increases in Unemployment, Health Insurance and Retiree Health Care also affect these activities.

Business-type Activities

Revenues of the Agency's business-type activities (Table 2) increased by \$395,846 this year while total expenses increased by \$26,484. The primary factors driving these results include:

- ❖ The SCWS supplied more water to residents due to increased residential summer usage.
- ❖ The cost of total water purchases from the City of Toledo has been reduced due to the detection and repair of various leaks in some of SCWS water lines.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2005

**Changes in Net Assets
(Table 2)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Charges for services	\$ 2,132,730	\$ 2,060,136	\$4,422,459	\$4,026,613	\$ 6,555,189	\$ 6,086,749
Local Unit Contributions	10,462,076	13,945,031	0	0	10,462,076	13,945,031
Total Revenues	12,594,806	16,005,167	4,422,459	4,026,613	17,017,265	20,031,780
Expenses						
Debt service	2,294,581	2,150,227	22,160	24,075	2,316,742	2,174,302
Capital Projects	12,535,336	6,594,359	0	0	12,535,336	6,594,359
Operation & Maintenance	2,180,739	1,946,863	3,117,463	3,089,064	5,298,202	5,035,927
	17,010,656	10,691,449	3,139,623	3,113,139	20,150,280	13,804,588
Excess before nonoperating Revenue	(4,415,850)	5,313,718	1,282,836	913,474	(3,133,015)	6,227,192
Nonoperating revenues						
Interest Income	295,061	142,546	229,895	88,964	524,956	231,510
Gain/Loss on disposal of assets	(746)	0	0	5,252	(746)	5,252
Total Nonoperating Revenues	294,315	142,546	229,895	94,216	524,210	236,762
Changes in Net Assets	<u>(\$4,121,535)</u>	<u>\$5,456,264</u>	<u>\$1,512,731</u>	<u>\$1,007,690</u>	<u>(\$2,608,805)</u>	<u>\$6,463,954</u>

Change in Capital Assets and Long Term Debt Activity

Governmental Activities

- ❖ Principal of \$3,910,000 retired on long-term debt in 2005.
- ❖ One new bond issue in amount of \$1,350,000 for Bedford Sewer Plant Improvements.

Business-Type Activities

- ❖ The South County Water System second water connection to City of Toledo, Ohio has been partially financed with a \$4,400,000 bond issue. Bidding has also been completed and the construction of the new pumping station on South Dixie Highway has begun.
- ❖ Improvements to the SCW buildings conference room.
- ❖ A new generator on Lewis Avenue has been replaced and is now in service to provide backup electricity to power the pumping station.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2005

Debt Administration

At year-end, the Agency had \$54.815 million in bonds outstanding versus \$53.536 million last year – an increase of 15.0 percent as shown in Table 3.

**Outstanding Debt at Year-end
(Table 3)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Bonds	\$50,415,000	\$52,939,083	\$4,400,000	\$417,000	\$54,815,000	\$53,356,083

New debt resulted mainly from issuing bonds for two new projects – \$5,750,000 of water and sewer system improvement bonds.

Economic Factors and Next Years Budget

The Agency's officials considered many factors when setting the fiscal year 2006 budget and the fees that will be charged for the business-type activities. One major factor is the planned yearly increases in the cost of water from the City of Toledo, Ohio.

Budgeted expenditures are expected to rise nearly 5 percent. Factors affecting the budgeted expenditures include increased wage adjustments, increased cost of health insurance, retiree health care, and increases in utility costs. The Agency has added no new major programs or initiatives to the 2006 budget.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF NET ASSETS

December 31, 2005

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL	BUSINESS-TYPE	REPORTING
ASSETS	ACTIVITIES	ACTIVITIES	ENTITY
Current assets:			
Cash	\$3,353,014	\$363,585	\$3,716,599
Certificates of deposit	1,750,000	0	1,750,000
Petty cash	320	355	675
Accounts receivable	42,035	873,297	915,332
Prepaid expenses	15,700	0	15,700
Due from local units	4,236,722	24,196	4,260,918
Internal balances	115,126	(115,126)	0
Inventory	0	100,404	100,404
Container deposits	1,500	0	1,500
Total current assets	<u>9,514,417</u>	<u>1,246,711</u>	<u>10,761,128</u>
Restricted assets:			
Fixed asset replacement certificates of deposit	3,983,424	6,952,200	10,935,624
Construction and debt retirement Cash and certificates of deposits	0	3,342,059	3,342,059
Cash with fiscal agent	0	8,348	8,348
Total restricted assets	<u>3,983,424</u>	<u>10,302,607</u>	<u>14,286,031</u>
Noncurrent assets:			
Net capital assets	47,295	19,361,098	19,408,393
Amount due from local units for retirement of long-term debt	46,595,000	0	46,595,000
Total noncurrent assets	<u>46,642,295</u>	<u>19,361,098</u>	<u>66,003,393</u>
Total assets	<u>\$60,140,136</u>	<u>\$30,910,416</u>	<u>\$91,050,552</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$1,177,255	\$715,769	\$1,893,024
Retainage payable	648,416	105,382	753,798
Accrued payroll	30,846	0	30,846
Water meter and hydrant key deposits	0	5,192	5,192
Accrued interest payable	416,722	8,348	425,070
Deferred revenue	185,700	0	185,700
Current portion of long term debt net of related discount	3,820,000	100,000	3,920,000
Total current liabilities	<u>6,278,939</u>	<u>934,691</u>	<u>7,213,630</u>
Noncurrent liabilities			
Bonds payable(net of discount)	46,595,000	4,257,550	50,852,550
Accrued compensated absences	87,856	0	87,856
Total noncurrent liabilities	<u>46,682,856</u>	<u>4,257,550</u>	<u>50,940,406</u>
Total liabilities	<u>52,961,795</u>	<u>5,192,241</u>	<u>58,154,036</u>
See accompanying notes to the basic financial statements			

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF NET ASSETS

December 31, 2005

	<u>PRIMARY GOVERNMENT</u>		<u>TOTAL REPORTING ENTITY</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	
NET ASSETS			
Invested on capital assets net of related debt	\$47,295	\$15,003,548	\$15,050,843
Restricted for:			
Fixed asset replacement	3,982,714	9,407,498	13,390,212
Debt service	26,489	160,200	186,689
Capital projects	929,820	3,685	933,505
Unrestricted	2,192,023	1,143,244	3,335,267
Total net assets	7,178,341	25,718,175	32,896,516
Total liabilities and net assets	<u>\$60,140,136</u>	<u>\$30,910,416</u>	<u>\$91,050,552</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Local Unit Contributions
Primary Government:			
Governmental Activities			
Debt service:			
Interest, premium, and fiscal agent fees	\$2,294,581	\$0	\$3,508,869
Capital Projects	12,535,336	0	\$6,758,863
Internal Service Funds			
Administrative Fund	288,008	242,328	0
Bedford Sewage Disposal System	1,685,527	1,696,473	189,072
Ida-Raisinville Sewage Disposal System	47,301	47,872	1,000
LaSalle Sewage Disposal System	21,619	27,715	1,772
Maybee Sewage Disposal System	54,018	53,444	1,000
South Rockwood Sewage Disposal System	49,568	42,039	0
Whiteford Sewage Disposal System	34,698	22,859	1,500
Total governmental activities	17,010,656	2,132,730	10,462,076
Business-type activities			
South County Water System	3,139,623	4,422,459	0
Total Primary Government	<u>\$20,150,279</u>	<u>\$6,555,189</u>	<u>\$10,462,076</u>

General Revenues:

Interest Income

Gain (Loss) on Disposal Of Asset

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenues and Change in Net Assets		
Program Revenues		
Governmental Activities	Business-Type Activities	Total
\$1,214,288	\$0	\$1,214,288
(5,776,473)	0	(5,776,473)
(45,680)	0	(45,680)
200,018	0	200,018
1,571	0	1,571
7,868	0	7,868
426	0	426
(7,529)	0	(7,529)
(10,339)	0	(10,339)
(4,415,850)	0	(4,415,850)
0	1,282,836	1,282,836
(4,415,850)	1,282,836	(3,133,014)
295,061	229,895	524,956
(746)	0	(746)
294,315	229,895	524,210
(4,121,535)	1,512,731	(2,608,804)
11,299,876	24,205,444	35,505,320
<u>\$7,178,341</u>	<u>\$25,718,175</u>	<u>\$32,896,516</u>

FUND FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005**

	Frenchtown Debt Service	Dundee Sewer #3 Construction	Frenchtown Water #2 Construction
ASSETS			
Cash	\$5,419	\$754,699	\$744,939
Certificates of deposit	0	0	0
Due from local units	0	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$5,419</u>	<u>\$754,699</u>	<u>\$744,939</u>
LIABILITIES			
Accounts payable	\$0	\$1,723	\$152,419
Retainage payable	0	141,834	413,849
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>143,557</u>	<u>566,268</u>
FUND BALANCE			
Reserved for debt service	5,419	0	0
Reserved for capital projects	0	611,142	178,671
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>5,419</u>	<u>611,142</u>	<u>178,671</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$5,419</u>	<u>\$754,699</u>	<u>\$744,939</u>

See accompanying notes to the basic financial statements

Bedford Sewer #5 Construction	Other Governmental Funds	Total Governmental Funds
\$462,608	\$272,720	\$2,240,385
400,000	0	400,000
0	0	0
<u>\$862,608</u>	<u>\$272,720</u>	<u>\$2,640,385</u>
\$721,194	\$160,324	\$1,035,660
91,166	1,567	648,416
<u>812,360</u>	<u>161,891</u>	<u>1,684,076</u>
0	21,070	26,489
50,248	89,759	929,820
<u>50,248</u>	<u>110,829</u>	<u>956,309</u>
<u>\$862,608</u>	<u>\$272,720</u>	<u>\$2,640,385</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

December 31, 2005

Total Governmental Fund Balance	\$956,309
Amounts reported for governmental activities in the statement of net assets are different because:	
Internal Service Funds are used by County Agency to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.	
Total internal service fund net assets	6,222,032
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds	(416,722)
Interest payable used in the governmental activities is paid from contributions from other governments. Contributions from other governments are not reported in the governmental funds until the resources are put aside.	416,722
Amount due from local units for the retirement of long term debt is not included in the governmental funds but is included in the statement of net assets	50,415,000
Long term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(50,415,000)
Total Net Assets of Governmental Activities	<u>\$7,178,341</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2005

	Frenchtown Debt Service	Dundee Sewer #3 Construction	Frenchtown Water #2 Construction
Revenues			
Local unit contributions	\$1,303,532	\$2,421,080	\$4,500,000
Interest income and other	4,453	54,830	22,071
Total Revenues	1,307,985	2,475,910	4,522,071
Expenditures			
Debt Service:			
Bond principal	780,000	0	0
Interest and paying agent fees	531,866	0	0
Bond redemption premium	0	0	0
Administrative and audit fees	561	0	0
Construction contracts	0	4,512,767	5,817,809
Engineering and other	0	135,320	333,703
Total Expenditures	1,312,427	4,648,087	6,151,512
Excess (Deficiency) of Revenues over Expenditures	(4,442)	(2,172,177)	(1,629,441)
Other Financing Sources (Uses)			
Bond proceeds	0	0	0
Accrued and capitalized interest	0	0	0
Premiums on bonds redeemed	0	0	0
Bond issuance costs	0	0	0
Refunds to Governmental units	0	0	0
Transfers in	0	0	0
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(4,442)	(2,172,177)	(1,629,441)
Fund Balances - Beginning of Year	9,861	2,783,319	1,808,112
Fund Balances - End of Year	\$5,419	\$611,142	\$178,671

See accompanying notes to the basic financial statements

Bedford Sewer #5 Construction	Other Governmental Funds	Total Governmental Funds
\$0	\$4,752,538	\$12,977,150
9,452	22,160	112,966
9,452	4,774,698	13,090,116
0	3,130,000	3,910,000
0	1,723,630	2,255,496
0	2,975	2,975
0	7,308	7,869
1,174,753	344,094	11,849,423
128,033	88,856	685,912
1,302,786	5,296,863	18,711,675
(1,293,334)	(522,165)	(5,621,559)
1,330,186	35,917	1,366,103
(436)	436	0
0	0	0
(31,692)	0	(31,692)
0	(165,521)	(165,521)
45,524	0	45,524
0	(495)	(495)
1,343,582	(129,663)	1,213,919
50,248	(651,828)	(4,407,640)
0	762,657	5,363,949
<u>\$50,248</u>	<u>\$110,829</u>	<u>\$956,309</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2005

Net Change in Fund Balances - Total Governmental Funds	(\$4,407,640)
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Amounts Reported for governmental activities in
the statement of activities are different because

Internal service funds are used by management to charge the costs of certain activities and asset replacement to the local units of government. The revenues, expenses and fixed asset replacement contributions of these Internal Service Funds are reported with the governmental activities.

Add - Interest income	\$182,095	
Add - Net income	(44,559)	
Add - Capital asset reserve contributions	194,344	
Less - Loss on disposal of assets	(746)	
Less - Transfer out	<u>(45,029)</u>	
		286,105

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long term liabilities in the statement of net assets

Add - payment of long term debt	3,910,000	
Deduct - bond proceeds	<u>(1,366,103)</u>	
		2,543,897

Issuing debt increases liabilities in the statement of net assets, but also increases amounts due from local governments for the retirement of long term debt. Payments reduce long term liabilities but also reduce amounts due from local governments for the retirement of long term debt.

Add - Bond proceeds	1,366,103	
Deduct - Payment of long term debt	<u>(3,910,000)</u>	
		<u>(2,543,897)</u>

Change in Net Assets of Governmental Activities	<u><u>(\$4,121,535)</u></u>
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See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

December 31, 2005

	Business-type Activities South County Water	Governmental Activities Internal Services
ASSETS		
Current Assets		
Cash	\$363,585	\$1,112,629
Certificates of deposit	0	1,350,000
Petty cash	355	320
Accounts receivable	873,297	42,035
Due from local units	24,196	0
Due from other funds	2,242	240,210
Prepaid expenses	0	15,700
Inventory	100,404	0
Container deposits	0	1,500
Total Current Assets	<u>1,364,079</u>	<u>2,762,394</u>
Restricted assets		
Fixed asset replacement		
Certificates of deposit	0	3,983,424
Construction and debt retirement		
Cash and cash retainage	3,342,059	0
Cash with fiscal agent	8,348	0
Vehicle and system capital		
Cash and certificates of deposit	6,952,200	0
Total Restricted Assets	<u>10,302,607</u>	<u>3,983,424</u>
Noncurrent assets		
Construction work-in-process	2,259,254	0
Land and rights-of-way	172,557	0
Utility plant in service	24,781,430	0
Building and building improvements	397,871	204,947
Equipment	238,027	192,780
Vehicles	321,099	444,140
	<u>28,170,238</u>	<u>841,867</u>
Accumulated depreciation	(8,809,140)	(794,572)
Total Noncurrent Assets	<u>19,361,098</u>	<u>47,295</u>
 Total Assets	 <u><u>\$31,027,784</u></u>	 <u><u>\$6,793,113</u></u>

See accompanying notes to the basic financial statements

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
LIABILITIES		
Current Liabilities		
Accounts payable	\$715,769	\$106,748
Current portion of long-term debt	100,000	0
Accrued interest payable	8,348	0
Retainage payable	105,382	0
Due to other funds	117,368	159,931
Accrued payroll	0	30,846
Water meter and hydrant key deposits	5,192	0
Deferred revenue	0	185,700
Total Current Liabilities	1,052,059	483,225
Noncurrent Liabilities		
Bonds payable (net of discounts)	4,257,550	0
Compensated absences	0	87,856
Total Noncurrent Liabilities	4,257,550	87,856
Total Liabilities	5,309,609	571,081
NET ASSETS		
Invested in capital assets (net of related debt)	15,003,548	47,295
Restricted For:		
Capital projects	2,615,498	0
Debt retirement	3,685	0
Vehicles	160,200	0
Building	553,600	0
System capital	6,238,400	3,982,714
Unrestricted	1,143,244	2,192,023
Total Net Assets	25,718,175	6,222,032
Total Liabilities and Net Assets	\$31,027,784	\$6,793,113

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2005

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Administrative fees	\$0	\$186,961
Utility labor and fringe benefits	0	2,056,744
Drain labor and fringe benefits	0	16,365
Operation and maintenance fees	0	1,881,862
Tap inspection fee	0	3,925
Utility billing charges	0	9,070
Debt service fees	0	3,450
Equipment rental	4,184	119,539
Office space rental	3,300	0
Metered water sales	3,003,272	0
Basic service charge	1,135,728	0
Sales of supplies and services	64,438	0
Penalties	64,784	0
Other revenue	6,884	4,612
	<hr/>	<hr/>
Total Operating Revenues	4,282,590	4,282,528
 Operating Expenses		
Wages and fringe benefits:		
Sewage disposal system	0	757,392
Administrative overhead department	0	198,463
Utility labor department	0	2,091,096
Depreciation	484,269	48,773
Administrative and general	313,895	0
Water supply operation maintenance	1,436,206	0
Utility billing operation	223,691	0
Distribution system maintenance	486,881	0
Meter and meter shop	84,813	0
Vehicle and equipment maintenance	65,234	0
Building maintenance	22,474	0
Other operating expenses	0	1,231,363
	<hr/>	<hr/>
Total Operating Expenses	3,117,463	4,327,087
	<hr/>	<hr/>
Net Operating Income (Loss)	1,165,127	(44,559)

Continued

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2005
(Concluded)

	Business-type Activities <u>South County Water</u>	Governmental Activities <u>Internal Service Fund</u>
Non-Operating Revenues (Expenses)		
Connection fees	\$139,869	\$0
Interest income/Replacement reserve interest	229,895	182,095
Gain (loss) on disposal of fixed assets	0	(746)
Interest expense	(16,905)	0
Amortization	(3,505)	0
Premium on bonds	(1,400)	0
Paying agent fees	(350)	0
Transfer out	0	(45,029)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	347,604	136,320
	<hr/>	<hr/>
Income before contributions	1,512,731	91,761
Contributions	0	194,344
	<hr/>	<hr/>
Total Net Assets - Beginning of Year	24,205,444	5,935,927
	<hr/>	<hr/>
Total Net Assets - End of Year	<u>\$25,718,175</u>	<u>\$6,222,032</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2005

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$4,217,241	\$0
Cash paid to suppliers	(941,915)	(1,227,478)
Cash paid to employees	(914,896)	(3,059,241)
Cash received (paid) for internal services used	(78,150)	4,242,673
Other expenses paid	0	0
Net cash provided by operating activities	<u>2,282,280</u>	<u>(44,046)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees and contributions to fixed asset reserves	139,869	194,344
Acquisition of capital assets	(2,285,048)	(2,215)
Proceeds from the sale of assets	0	1,352
Proceeds from issuance of bonds	4,357,045	0
Transfer out	0	(45,029)
Principal paid on capital debt	(420,000)	0
Interest paid on capital debt	(20,615)	0
Net cash provided by capital and related financing activities	<u>1,771,251</u>	<u>148,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on cash investments	<u>229,895</u>	<u>182,095</u>
Net increase (decrease) in cash and cash equivalents	4,283,426	286,501
Cash and cash equivalents at beginning of year	6,383,121	6,159,872
Cash and cash equivalents at end of year	<u><u>\$10,666,547</u></u>	<u><u>\$6,446,373</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$1,165,127	(\$44,559)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	484,269	48,773
Changes in assets and Liabilities:		
Receivables - net of allowances	(85,765)	(18,905)
Inventory	(8,073)	0
Due from local units	22,565	(2,419)
Prepaid expenses	0	(15,700)
Accounts and other payables	616,009	4,780
Accrued liabilities	100,294	(11,070)
Due to from other funds	(12,846)	13,585
Deferred revenue	0	(18,531)
Deposits	700	0
Total Adjustments	<u>1,117,153</u>	<u>513</u>
Net cash provided by operating activities	<u><u>\$2,282,280</u></u>	<u><u>(\$44,046)</u></u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF ASSETS AND LIABILITIES

AGENCY FUNDS

December 31, 2005

**Total
Agency
Funds**

ASSETS

Accounts receivable-trade
Due from utilities

\$110,597

34,846

Total Assets

\$145,443

LIABILITIES

Due to local governmental units

\$145,443

See accompanying notes to the basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 1 Origin and Description of County Agency
Establishment of the County Agency

In 1968 the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act the Monroe County Drain Commissioner was appointed County Agency by the Board of Commissioners. As organized by the Board of Commissioners, the Monroe County Drain Commissioner, County Agency performs the following functions:

1. Manages water supply system and sanitary sewer system construction projects that are bonded by the County of Monroe.
2. Oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed.
3. Operates and maintains water supply systems and sanitary sewer systems as appointed by the Board of Commissioners.
4. Handles the billing and collections of utility bills when contracted to do so by local units of government.
5. Performs other services as needed to fulfill its duties.

Note 2 Summary of Significant Accounting Policies

A. Reporting Entity

The criteria established by Statement No. 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include fiscal interdependency, scope of public service, and financial accountability.

The Monroe County Drain Commissioner, County Agency is a component unit of the County of Monroe, Michigan, the primary government. For financial reporting purposes only the following funds, controlled by the Monroe County Drain Commissioner, County Agency, are included in this report: Debt Service Funds, Capital Project Construction Funds, Operations and Maintenance Internal Service Funds, Enterprise Fund, and Agency Funds. By accounting principles generally accepted in the United States of America, these funds are required to be in the report of the primary government.

The accounting policies of the Monroe County Drain Commissioner, County Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Monroe County Drain Commissioner, County Agency's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Monroe County Drain Commissioner, County Agency's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Monroe County Drain Commissioner, County Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of County Agency are offset by revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Governmental Activities - Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long term debt, principal, interest and related costs.

Governmental Activities - Capital Project Fund

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects.

Governmental Activities - Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The Administrative Fund and the various Sewage Disposal Funds are reported in this report as internal service funds.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Concluded)

Business Type Activities - Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The South County Water System is the only Enterprise Fund in this report.

Agency Funds

Agency Funds are used to account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of Monroe County.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental, charges for services and other revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)
Amounts reported as *revenues* include 1) charges to customers for services provided (all revenue except intergovernmental) and 2) operating fees and local contributions (intergovernmental revenue).

Proprietary Funds

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to the local governmental units. Operating expenses for Internal Service Funds include the cost of operating the local units sewage disposal system. Any revenue and expenses not meeting this definition are reported as Nonoperating Revenues and Expenses.

Required Supplementary Information

Budgetary comparison schedules are required to be presented as Required Supplementary Information for general funds and each major special revenue fund. Since the Monroe County Drain Commissioner, County Agency, does not have these funds, Required Supplementary Information is not presented. However, Budgetary Comparisons are presented in Other Supplementary Information.

D. Fixed Assets

General Fixed Assets - General Fixed Asset Account Group is used to account for fixed assets other than those accounted for in Proprietary Funds. Public domain (infrastructure) general fixed assets, consisting of certain improvements, other than buildings, are not capitalized. The Monroe County Drain Commissioner, County Agency, does not have any general fixed assets. Therefore, these financial statements do not include a General Fixed Asset Account Group.

Proprietary Fund Fixed Assets - Fixed assets used in the proprietary funds are capitalized at historical cost. Depreciation expense has been provided using the straight-line method of depreciation over the estimated useful life of the fixed assets as follows:

Office equipment	2 - 10 years
Inspection equipment	3 - 10 years
Vehicles	5 years
Auxiliary equipment	3 - 5 years
Utility plant in service	3 - 98 years
Building and building improvements	10 - 30 years

E. Long-Term Obligations

General long-term obligations are reported as liabilities in the governmental activities statement of net assets.

Long-term obligations expected to be financed from proprietary funds are accounted for in the Proprietary Fund.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Basis of Accounting

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the Governmental Fund Types and the Agency Fund. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Accrual Basis of Accounting

The accrual basis of accounting is followed in the Proprietary Funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

G. Budgets

The Monroe County Drain Commissioner, County Agency does not prepare budgets for its Debt Service Funds and its Capital Project Funds.

Budgets are prepared for the Proprietary Fund Types: Enterprise Fund and Internal Service Funds. These budgets are adopted on an accrual basis consistent with generally accepted accounting principles. Appropriations lapse at year end.

All budgets are approved by the Monroe County Drain Commissioner, County Agency. The budget for the South County Water System is also approved by the South County Water Board and the budgets for the various sewage disposal systems are also approved by the appropriate local unit of government.

H. Deposits

Deposits are valued at cost.

I. Inventory

Inventory is valued at the lower of cost or market, using the first-in first-out method.

J. Accrued Compensated Absences

Accumulated unpaid vacation and sick pay is accrued when incurred. As of December 31, 2005, the Administrative Fund's liabilities included \$87,856 accrued vacation and sick pay.

Note 3 Deposits and Investments

Deposits are carried at cost. Deposits of the Monroe County Drain Commissioner, County Agency are at local banks in the name of the Monroe County Treasurer. Act 217, PA 1982 authorizes the County of Monroe, as agent for the Monroe County Drain Commissioner, County Agency, to deposit and invest in the accounts of federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks, mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 3 Deposits and Investments (Continued)

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. Funds of the Monroe County Drain Commissioner, County Agency are deposited in separate bank accounts from other County funds.

The County's deposits are in accordance with statutory authority. The carrying amount of deposits is separately displayed on the balance sheet as (unrestricted) "cash", "cash with fiscal agent", or "certificates of deposit", and (restricted) "cash", "certificates of deposit", "cash and certificates of deposit", or "cash with fiscal agent".

The Governmental Accounting Standards Board (GASB) Statement No. 3 and Statement No. 40 requires risk disclosures for the Monroe County Drain Commissioner, County Agency's deposits and investments which are as follows:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned or the County may not be able to recover the collateral securities in the possession of an outside party. The Monroe County Drain Commissioner, County Agency has \$19,805,892 invested in certificates of deposits, checking, and savings accounts. The Monroe County Drain Commissioner, County Agency's deposits are insured by the FDIC in the amount of \$100,000 with uninsured deposits of \$19,705,892. The Monroe County Drain Commissioner, County Agency's deposits are at an institution with an established record of fiscal health. The Monroe County Treasurer makes investments based on her best judgement under the circumstances while considering safety of principal. The County's policy does not address deposit risk.

The following is a summary of these deposits.

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1:		
Insured (FDIC)	\$ 100,000	\$ 100,000
Category 3:		
Uninsured	<u>19,644,282</u>	<u>19,705,892</u>
Total Deposits	<u>\$19,744,282</u>	<u>\$19,805,892</u>

Interest rate risk. The County of Monroe's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The County of Monroe requires investments be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Concentration of Credit Risk. County of Monroe's investment policy does not have limits on the amount the Treasurer may deposit in any one issuer.

Foreign Currency Risk. The Monroe County Treasurer is not authorized to invest in investments which have this type of risk.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 3 **Deposits and Investments (Concluded)**

At year end, cash and cash equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>				
	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Cash and					
Cash equivalents	\$2,640,385	\$2,462,949	\$5,103,334	\$ 363,940	\$ 5,467,274
Restricted cash	-	3,983,424	3,983,424	10,302,607	14,286,031
	<u>\$2,640,385</u>	<u>\$6,446,373</u>	<u>\$9,086,758</u>	<u>\$10,666,547</u>	<u>\$19,753,305</u>

Note 4 **Interfund Receivables and Payables**

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$111,133	Bedford O & M
		3,058	Ida\Raisinville O & M
		3,488	Maybee O & M
		117,368	SCW O & M
		4,154	S. Rockwood O & M
		473	LaSalle O & M
Administrative Fund	\$240,085	411	Whiteford O & M
	<u>\$240,085</u>	<u>\$240,085</u>	
Bedford O & M	\$ 97		
Ida\Raisinville O & M	12		
Maybee O & M	5		
LaSalle O & M	7		
SCW O & M	2,243		
S. Rockwood O & M	2		
Whiteford O & M	2		
	<u>\$2,368</u>	<u>\$2,368</u>	Administrative Fund
Ida-Trust & Agency	\$11,621	\$11,621	Ida\Raisinville O&M
Raisinville-Trust & Agency	4,279	4,279	Ida\Raisinville O&M
	<u>\$15,900</u>	<u>\$15,900</u>	
LaSalle Trust & Agency	\$7,996	\$7,996	LaSalle O & M
London Trust & Agency	\$1,574	\$1,574	Maybee O & M
Maybee Trust & Agency	5,866	5,866	Maybee O & M
	<u>\$7,440</u>	<u>\$7,440</u>	
Whiteford Trust & Agency	\$3,511	\$3,511	Whiteford O & M
Totals	<u>\$277,300</u>	<u>\$277,300</u>	

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 5 Summary of Changes in Fixed Assets - Internal Service Funds

The following is a summary of changes in fixed assets for the Administrative Fund and Bedford O & M Fund and for changes in capital assets for governmental activities.

Administrative Fund

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Utility Equipment	\$21,534	\$0	\$0	\$21,534
Utility Vehicles	341,148	0	0	341,148
Administrative Vehicles	29,685	0	0	29,685
Administrative Office Equipment	71,507	2,215	275	73,447
	463,874	2,215	275	465,814
Accumulated Depreciation	(404,308)	(29,078)	(275)	(433,111)
Net Fixed Assets-				
Administrative Fund	\$59,566	(\$26,863)	\$0	\$32,703

Bedford O & M

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Building Improvements	\$208,821	\$0	\$3,874	\$204,947
Equipment	97,799	0	0	97,799
Vehicles	73,307	0	0	73,307
	379,927	0	3,874	376,053
Accumulated Depreciation	(343,542)	(19,695)	(1,776)	(361,461)
Net Fixed Assets - Bedford O & M	36,385	(19,695)	2,098	14,592
Governmental Activities -				
Net Capital Assets	\$95,951	(\$46,558)	\$2,098	\$47,295

Note 6 Compensated Absences

Employees of the Monroe County Drain Commissioner, County Agency, are governed by the County of Monroe employment policies as they pertain to vacation and sick days. The County's employment policy for vacation states that "vacation can be carried over one additional year from the end of the calendar year." Vacation is forfeited if not taken within a two year period. The employment policies for sick leave calls for yearly vesting of unused sick leave and yearly payout of one-half of the unused balance. Accordingly, the County Agency has an accrued liability to its employees for accumulated vested vacation and sick benefits. The policy is to record the current liability for vacation, sick and accrued wages and fringes in the financial statement of the applicable fund.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 7 **Long-Term Debt**

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds, but title will pass on to the local unit when the debt is retired.

The following is a summary of changes in long-term debt:

	<u>Enterprise Fund</u>	<u>General Long-Term Obligations</u>	<u>Totals</u>
Debt at December 31, 2004	\$ 420,000	\$52,939,083	\$53,359,083
New bonds issued	4,400,000	1,385,917	5,785,917
Bonds and contracts retired or called	<u>420,000</u>	<u>3,910,000</u>	<u>4,330,000</u>
Debt at December 31, 2005	<u>\$4,400,000</u>	<u>\$50,415,000</u>	<u>\$54,815,000</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2005, excluding compensated absences, are as follows:

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 100,000	\$ 190,621	\$ 290,621
2007	140,000	158,940	298,940
2008	145,000	153,952	298,952
2009	155,000	148,703	303,703
2010	160,000	143,190	303,190
2011 - 2015	945,000	622,588	1,567,588
2016 - 2020	1,210,000	427,458	1,637,458
2021 - 2025	<u>1,545,000</u>	<u>159,960</u>	<u>1,704,960</u>
	<u>\$4,400,000</u>	<u>\$2,005,412</u>	<u>\$6,405,412</u>

<u>Fiscal Years</u>	<u>General Long-Term Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,820,000	\$ 2,066,883	\$ 5,886,883
2007	3,965,000	1,906,111	5,871,111
2008	3,900,000	1,735,798	5,635,798
2009	3,745,000	1,572,604	5,317,604
2010	3,545,000	1,418,741	4,963,741
2011 - 2015	14,005,000	5,074,913	19,079,913
2016 - 2020	10,175,000	2,779,221	12,954,221
2021 - 2025	5,830,000	942,498	6,772,498
2026 - 2030	<u>1,430,000</u>	<u>118,432</u>	<u>1,548,432</u>
	<u>\$50,415,000</u>	<u>\$17,615,201</u>	<u>\$68,030,201</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

Long Term Debt - (Concluded)

Bonds payable at December 31, 2005, are comprised of the following individual issues:

Water or Sewer Projects	Interest Rates (%)	Date of Issue
Enterprise Fund:		
South County Water Supply System #1, 1995 Improvements	4.75 - 4.875	07-01-95
South County Water Supply System #1, 2005 Improvements	3.5 4	10-01-05
General Long-Term Obligations:		
Ash Twp. Water Supply System #1	2.3 - 4.1	01-12-03
Bedford Twp. Sewage Disposal System #2	5.0 - 6.5	09-01-76
Bedford Twp. Sewage Disposal System #4	2.0	06-25-92
Bedford Twp. Sewage Disposal System #5	3.8 - 4.05	10-01-05
Berlin Twp. Water System #2	5.8 - 6.0	05-23-00
Berlin Twp. Sewer System #2	5.8 - 6.0	08-06-02
Carleton Sewage Disposal System #3	2.5	10-01-01
Dundee Sewage Disposal System #2	2.0	09-30-93
Dundee Sewage Disposal System #1 (Refunding)	4.1 - 6.2	07-26-94
Dundee Sewage Disposal System #3	3.8 - 5.0	06-08-04
Dundee Water Supply System #1(Refunding)	1.4 - 3.8	12-04-02
Dundee Water Supply System #2	4.0 - 5.0	03-22-01
Erie Township Water Supply System #1	5.0 - 5.5	05-04-00
Erie Township Water Supply System #2	5.0 - 5.5	05-14-02
Exeter - Raisinville Water Supply System #1	5.0 - 6	09-26-00
Frenchtown Twp. Water Supply System #1 (Refunding)	3.9 - 5.5	10-22-96
Frenchtown Twp. Water Supply System #2	3.1 - 5.3	08-24-04
Ida Water System #1 (Series 2004)	2.0 4.9	07-13-04
Ida-Raisinville Sewage Disposal System #1 (Refunding)	3.0 - 5.4	12-01-93
LaSalle Township Sewer System #1 (Refunding)	3.85 - 6	09-15-95
London Twp. Sewer System #1 (Refunding)	5.25	10-01-93
City of Petersburg Water Supply System #1	2.5	03-05-03
Raisinville Water Supply System #5	6.78	07-31-90
Raisinville Water Supply System #15 & 16	4.75 - 5.3	11-02-00
South Rockwood Water Supply System #2	2.50	09-26-02
Maybee/Raisinville/Exeter/London Extension	5.0 - 7.5	05-06-97

<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Principal Retired</u>	<u>Principal Outstanding</u>
2007	\$1,400,000	\$1,400,000	\$0
2025	4,400,000	0	4,400,000
	<u>\$5,800,000</u>	<u>\$1,400,000</u>	<u>\$4,400,000</u>
2017	\$3,000,000	\$320,000	\$2,680,000
2008	5,340,000	4,690,000	650,000
2012	6,487,177	3,922,177	2,565,000
2021	1,350,000	0	1,350,000
2025	2,075,000	185,000	1,890,000
2027	1,800,000	100,000	1,700,000
2021	5,330,000	780,000	4,550,000
2014	1,650,000	825,000	825,000
2009	2,150,000	1,395,000	755,000
2024	5,000,000	0	5,000,000
2011	1,085,000	260,000	825,000
2026	3,500,000	210,000	3,290,000
2014	2,280,000	735,000	1,545,000
2014	1,630,000	250,000	1,380,000
2020	2,285,000	480,000	1,805,000
2012	9,720,000	3,485,000	6,235,000
2029	3,215,000	10,000	3,205,000
2023	2,155,000	5,000	2,150,000
2012	2,270,000	1,855,000	415,000
2015	845,000	245,000	600,000
2008	180,000	135,000	45,000
2024	2,720,000	215,000	2,505,000
2010	705,000	565,000	140,000
2020	2,755,000	580,000	2,175,000
2023	1,530,000	120,000	1,410,000
2016	2,595,000	1,870,000	725,000
	<u>\$73,652,177</u>	<u>\$23,237,177</u>	<u>\$50,415,000</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 8 Financing of the County Agency Administrative Fund

In action taken to establish the County Agency at its August 19, 1968 session, the Monroe County Board of Supervisors stated that all administrative costs are to be borne by projects being constructed for local units of government under contract with the County and that no County general funds are to be used to support the County Agency.

Therefore, because of the need for operating capital, the Monroe County Drain Commissioner, as County Agency, established a system of fees for services provided to the various projects. During 2005 these fees were as follows:

Administrative Fee
Utility Billing Charges
Debt Service Fees
Utility Labor and Fringe Benefits
Drain Labor and Fringe Benefits
Equipment Rental

Administrative Fee

The Administrative Fee is charged to the various construction projects and utility operations to cover the cost of the County Agency's administration overhead activity. This activity consists primarily of providing an office staff with its related expenses.

Utility Billing Charges

The County Agency provides a billing service for utilities and charges a separate fee to cover all costs of billing. The fees charged in 2005 were as follows:

Village of Maybee	- \$60 bi-monthly plus \$1.08 per bill
London Township	- \$60 per annum plus \$1.08 per bill
Ida Township	- \$20 per month plus \$1.08 per bill
Raisinville Township	- \$10 per month plus \$1.08 per bill
LaSalle Township	- \$20 per month plus \$1.08 per bill

Debt Service Fees

The County of Monroe, under Act 342 P.A.1939, as amended, has issued its general obligation bonds to finance the various water and sewer construction projects for which it is engaged. Under its contracts with the local units of government the local unit is to provide moneys for the retirement of this debt upon the bond and interest due dates. Thus, the County Agency is acting as an intermediary between the local unit of government and the paying agent. For this service, which includes the processing and tabulating of all debt retirement records, the County Agency charges a \$50.00 fee to be collected on each debt retirement due date.

Utility Labor and Fringe Benefits

During 2005, the County Agency engaged in the operation and maintenance of the following utility systems: South County Water System, Bedford Sewage Disposal System, LaSalle Sewage Disposal System, Maybee Sewage Disposal System, Ida-Raisinville Sewage Disposal System, South Rockwood Sewage Disposal System and Whiteford Sewage Disposal System.

County Agency personnel are used in the operation and maintenance of these systems. The charge to the utility for the use of County Agency personnel is direct labor plus fringe benefits.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 8 Financing of the County Agency Administrative Fund (Concluded)
Drain Labor and Fringe Benefits

County Agency personnel are used by the Monroe County Drain Commissioner for maintenance work on County drains. The charge to the Drain Commissioner is based on direct labor plus fringe benefits.

Equipment Rental

Various Administrative Fund vehicles and other items of equipment are used in utility operations and drain maintenance. The Administrative Fund charges a predetermined hourly or daily rate for this use.

Note 9 Sewage Disposal Systems - Fixed Assets and Long-Term Debt

The financial statements for the various Sewage Disposal Systems do not include the cost of the System and the related long-term debt. The fixed assets reflected in the financial statements are those that have been acquired during operation and maintenance by the County Agency.

The cost of the Systems and the related long-term debt are to be recorded in the local unit's financial statements.

Note 10 Operation and Maintenance Fees

During 2005, the County Agency engaged in the operation and maintenance of sewage disposal systems for Bedford Township, Ida Township, Raisinville Township, LaSalle Township, the Village of Maybee, Village of South Rockwood, and Whiteford Township.

The operation and maintenance fees are payments by the local units to reimburse for operation and maintenance expenses.

Note 11 Fixed Asset Contributions

For the Bedford Township, Ida-Raisinville Townships, LaSalle Township and Whiteford Township Sewage Disposal Systems the local units contributed toward each system's fixed asset additions. The accumulated balance of these contributions are reflected as "Net assets - restricted for fixed asset replacement" on each system's financial statements.

Note 12 Sewage Disposal Systems - Operating Expenses

The various Sewage Disposal System Funds are internal service funds and reflect only operation and maintenance expense incurred by the County Agency. Expenses, including depreciation of the system and interest, incurred directly at the local unit of government level are not reflected in these statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 13 South County Water System

Background Information

The South County Water System is the result of a contract dated May 15, 1969, between the County of Monroe, Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier. Pursuant to Act 342, P.A. of 1939, as amended, this contract was used to establish a county system of water supply improvements and facilities to serve Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier.

This system is to be known as "Monroe County Water Supply System (South County System No. 1)." The County of Monroe, in this contract, designated the Monroe County Drain Commissioner as the County Agency for the system with all powers and duties with respect thereto as are provided by Act 342.

The South County Water System includes all water supply mains and other facilities now or hereafter constructed or installed, by any of the parties to the aforementioned contract, within the corporate boundaries of any of the Townships or the City. This includes the transmission mains, reservoirs and elevated tanks constructed under the three phases mentioned in this contract dated May 15, 1969, and the water distribution mains constructed by the County, under separate contracts with respective Townships and the City.

Contract Payable - 1995 Improvements

Pursuant to the contract amendment dated July 1, 1995, the County of Monroe issued \$1,400,000 County of Monroe General Obligation Bonds to finance renovation of the Lewis Avenue Pumping Station, construction of pressure regulating station on Lavoy Road, closure of water loops in transmission lines in various locations and construction of water lines on Lotus Drive, in Erie Township.

Contract Payable - 2005 Improvements

Pursuant to the contract amendment dated April 12, 2005, the County of Monroe issued \$4,400,000 County of Monroe General Obligation Bonds to finance a second connection and pumping station near the corner of South Dixie Highway and Sterns Road.

Each of the Townships and the City has pledged its full faith and credit to provide for the timely retirement of this debt, should the net revenues of the system be insufficient to provide debt retirement moneys. A schedule of remaining debt retirement requirements is in Note 7.

Water Rate Increases

Effective July 1, 1977, water rates were restructured to include a separate basic service charge which is to be set aside to provide funds for fixed obligations, primarily bond principal. As basic service charge revenues exceed annual debt requirements, moneys will be used for system improvements. Effective April 1, 2000, the water consumption charge was increased from \$2.31 to \$2.72 per 1,000 gallons, resulting in minimum quarterly charges ranging from \$33.63 to \$1,404.30, depending on meter size.

Purchased Water

The South County Water System is currently dependent upon the City of Toledo, Ohio, for its only source of water. In an agreement dated October 17, 1969, between the City of Toledo, Ohio, and the County of Monroe, Michigan, the City of Toledo agreed to supply the South County Water System with water (not to exceed 7,300 gallons per minute) for a 40 year term.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 13 South County Water System (Concluded)

Vehicle Fund - Restricted Assets

The Board has decided to set aside funds for the purchase of equipment. At December 31, 2005, the balance of \$160,200 had been restricted.

System Capital Fund - Restricted Assets

The Board has decided to set aside funds for system improvements. The balance of \$6,238,000 has been restricted at December 31, 2005.

Building Fund - Restricted Assets

The Board has decided to appropriate funds from the system capital fund to set aside funds for buildings and building improvements. The balance of \$553,600 has been restricted at December 31, 2005.

Summary of Changes in Fixed Assets

Following is a summary of changes in capital assets for the South County Water System:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Construction in process	\$ 471,457	\$2,082,264	\$294,466	\$ 2,259,255
Land and rights of way	172,557	-	-	172,557
Utility plant in service	24,315,675	465,755	-	24,781,430
Building and building improvements	390,871	7,000	-	397,871
Equipment	214,831	24,495	1,299	238,027
Vehicles	321,099	-	-	321,099
	25,886,490	2,579,514	295,765	28,170,239
Total -				
Accumulated Depreciation	<u>8,326,171</u>	<u>(484,269)</u>	<u>(1,299)</u>	<u>(8,809,141)</u>
Business - Type Activities -				
Net Capital Assets	<u>\$17,560,319</u>	<u>\$2,095,245</u>	<u>\$294,466</u>	<u>\$19,361,098</u>

Note 14 Pension Commitment

Employees of the Monroe County Drain Commissioner, County Agency are participants in the Monroe County Employees Retirement System. The County has a defined benefit pension plan covering substantially all its employees. The plan is operated by the County of Monroe. The County's policy is to fund current pension costs as they are accrued. The County Agency's pension expense for 2005 was zero.

Periodic employer contributions to the pension plan are determined on an actuarial basis using an entry age actuarial funding method. Normal cost is funded on a current basis. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 18 years. The funding strategy is designed to accumulate sufficient assets to pay benefits when due.

Additional significant information regarding the Monroe County Employees Retirement System pension plan and pension trust fund investments are included in the actuarial report.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 14 **Pension Commitment (Concluded)**

Effective December 31, 2002, pension information was available for County Agency as a component unit.

<u>Three Year Trend Information</u>	<u>2002 County Agency Only</u>	<u>2003 County Agency Only</u>	<u>2004 County Agency Only</u>
Annual pension cost	\$ 0	\$ 0	\$ 0
Percentage of APC contributed	100.0%	100.0%	100.0%
Net pension obligation			
Actuarial value of assets	5,271,684	5,777,211	6,046,357
Actuarial accrued liability (entry age)	4,199,671	4,597,181	5,496,385
Unfunded (Overfunded)			
AAL	(1,072,013)	(1,180,030)	(549,972)
Funded ratio	125.5%	125.7%	110.0%
Covered payroll	1,121,301	1,184,495	1,254,133
UAAL as a percentage of covered payroll	(95.6)%	(99.6)%	(43.85)%

Note 15 **Post Employment Benefits**

The Monroe County Drain Commissioner, County Agency, provides post employment health and life insurance benefits, in accordance with labor contracts and personnel policy, to all employees who retire under the provisions of the Monroe County Drain Commissioner, County Agency. As of December 31, 2004, the date of the last actuarial valuation, the plan had 30 active members, with three members who met the eligibility requirements. Expenditures for retiree benefits are recognized when periodic employer contributions are paid to the Monroe County Retiree Health Plan. The plan is operated by the County of Monroe. The County's policy is to fund current retiree health care costs as they are accrued. County Agency's retiree health care benefits are included with hospitalization expense in the Administrative Fund. County Agency's retiree health expense for 2005 was \$216,309.

Monthly contributions to the retiree health plan are determined on an actuarial basis using an entry age actuarial funding method. Normal cost is funded on a current basis. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 27 years. The funding strategy is to establish and receive contributions, expressed as a percentage of active member payroll which will remain approximately level from year to year and to accumulate enough assets to pay the benefits when due.

Funding Status. As of December 31, 2004, the actuarial accrued liability (AAL) for benefits was \$3,514,221, and the actuarial value of assets was \$448,149, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,066,072 and a funded ratio of 12.8 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$1,254,133, and the ratio of the UAAL to the covered payroll was 244.5 percent.

Additional significant information regarding the Monroe County Retiree Health Plan are included in the actuarial report.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2005

Note 15 Post Employment Benefits (Concluded)

The County also provides a \$4,000 term life insurance policy, in accordance with labor contracts and personnel policy, to all employees who retire from the County.

Note 16 Cash and Cash Equivalents

For purposes of the statement of cash flows, the Internal Service Funds and the Enterprise Funds considers cash (including restricted assets), certificates of deposit, and cash with fiscal agent to be cash and cash equivalents.

Note 17 Risk Management

The County Agency is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The County Agency has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COMBING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

39

Nonmajor Capital Projects

	Nonmajor Capital Projects						City of		Total
	Ash Township Water #1	Bedford Township Sewer #4	Bedford Douglas & Sterns Ext	Bedford Summerfield Water	Bedford Temperance Water	Ida Township Water#1	Petersburg Water #1 Construction	Rockwood Water #2 Construction	Nonmajor Governmental Funds
\$159,533	\$0	\$0	\$0	\$5	\$272	\$90,752	\$729	\$9	\$272,720
\$159,533	\$0	\$0	\$0	\$5	\$272	\$90,752	\$729	\$9	\$272,720
\$159,533	\$0	\$0	\$0	\$5	\$272	\$116 1,567	\$39 0	\$9 0	\$160,324 1,567
159,533	0	0	0	5	272	1,683	39	9	161,891
0	0	0	0	0	0	0	0	0	21,070
0	0	0	0	0	0	89,069	690	0	89,759
0	0	0	0	0	0	89,069	690	0	110,829
\$159,533	\$0	\$0	\$0	\$5	\$272	\$90,752	\$729	\$9	\$272,720

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

	Nonmajor Debt Services Funds														
	Ash Township	Bedford Township	Berlin Township	Village of Carleton	Village of Dundas	Essex Township	Exeter Township	Rainville Township and Ida Township	Ida Township	LaSalle Township	London Township	Rainville Township	Mayfield/Rainville/Exeter/London	Village of South Redwood	City of Peterburg
Revenues															
Local unit contributions	\$262,311	\$637,468	\$278,696	\$346,950	\$820,111	\$404,199	\$217,925	\$222,568	\$125,652	\$86,750	\$18,031	\$269,063	\$791,481	\$96,325	\$171,704
Interest income and other	641	1,248	729	940	2,875	478	355	798	536	354	11	930	753	242	442
Total Revenues	262,952	638,716	279,425	347,790	822,986	404,677	218,480	223,366	126,188	87,104	18,042	269,993	792,234	96,567	172,146
Expenditures															
Debt Service:															
Bond principal	165,000	535,000	85,000	230,000	450,000	255,000	120,000	190,000	5,000	50,000	15,000	145,000	715,000	60,000	110,000
Interest and paying agent fees	97,248	102,975	193,688	116,625	480,664	148,885	97,600	32,505	130,946	36,475	2,756	123,770	58,577	36,000	64,916
Bond redemption premium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative and audit fees	281	661	561	436	1,502	761	381	281	280	281	280	561	281	380	381
Construction contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Engineering and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	262,529	638,636	279,249	347,061	932,166	404,646	217,981	222,786	136,226	86,756	18,036	269,331	776,833	96,380	175,297
Excess (Deficiency) of Revenues over Expenditures	423	80	176	729	(109,180)	31	499	580	(10,038)	348	6	662	15,401	187	(3,151)
Other Financing Sources (Use)															
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued and capitalized interest	0	436	0	0	0	0	0	0	0	0	0	0	0	0	0
Refunds to governmental units	0	0	0	(310)	0	0	0	0	0	0	0	0	(16,427)	0	0
Transfers in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer (out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Use)	0	436	0	(310)	0	0	0	0	0	0	0	0	(16,427)	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Use	423	516	176	419	(109,180)	31	499	580	(10,038)	348	6	662	(1,026)	187	(3,151)
Fund Balances - Beginning of Year	596	1,748	1,436	938	114,552	1,155	705	720	10,885	460	106	894	2,231	79	4,103
Fund Balances - End of Year	\$1,019	\$2,264	\$1,612	\$1,257	\$5,372	\$1,186	\$1,204	\$1,310	\$847	\$808	\$112	\$1,556	\$1,205	\$266	\$857

Nonmajor Capital Projects

Ash Township Water #1	Bedford Township Sewer #4	Bedford Douglas & Sterns Ext	Bedford Summerfield Water	Bedford Temperance Water	Ida Township Water #1	City of Petersburg Water #1 Construction	South Rockwood Water #2 Construction	Total Nonmajor Governmental Funds
\$0	\$0	\$374	\$1,310	\$553	\$0	\$700	\$367	\$4,752,538
3,833	0	0	0	6	6,846	42	1	22,160
3,833	0	374	1,310	559	6,846	742	368	4,774,698
0	0	0	0	0	0	0	0	3,130,000
0	0	0	0	0	0	0	0	1,723,630
0	0	0	0	0	0	0	0	2,975
0	0	0	0	0	0	0	0	7,308
0	0	0	0	0	306,818	37,276	0	344,094
1,192	0	376	1,381	616	83,760	1,100	431	88,856
1,192	0	376	1,381	616	390,578	38,376	431	5,296,863
2,641	0	(2)	(71)	(57)	(383,732)	(37,634)	(63)	(522,165)
0	0	0	0	0	0	35,917	0	35,917
0	0	0	0	0	0	0	0	435
(148,498)	0	0	(5)	(272)	0	0	(9)	(165,521)
0	0	0	0	0	0	0	0	0
0	(495)	0	0	0	0	0	0	(495)
(148,498)	(495)	0	(5)	(272)	0	35,917	(9)	(129,661)
(145,857)	(495)	(2)	(76)	(329)	(383,732)	(1,717)	(72)	(651,821)
145,857	495	2	76	329	472,801	2,407	72	762,651
\$0	\$0	\$0	\$0	\$0	\$89,069	\$690	\$0	\$110,829

OTHER SUPPLEMENTARY INFORMATION

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

CAPITAL PROJECTS FUNDS

PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS

Beginning of Projects to December 31, 2005

	Ash Township Sewer #1	Bedford Township Sewer #4	Bedford Douglas Rd Extensions
Revenues and Other Financing Sources:			
Federal grants	\$0	\$6,227,178	\$0
State grants	0	0	0
Local unit contributions	149,489	307,731	1,036,509
Interest and other	20,400	151,972	1,010
Bond proceeds	3,006,540	0	0
Operating transfers in	0	319,585	0
	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	3,176,429	7,006,466	1,037,519
	<hr/>	<hr/>	<hr/>
Expenditures Capital Projects:			
Construction contracts	2,601,079	5,370,771	730,896
Engineering and other	420,312	1,634,700	306,623
Accrued and capitalized interest	6,540	0	0
Bond issuance costs	0	0	0
Operating transfers out and refunds	148,498	995	0
	<hr/>	<hr/>	<hr/>
Total Expenditures Capital Projects	3,176,429	7,006,466	1,037,519
	<hr/>	<hr/>	<hr/>
Fund Balances - December 31, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Bedford Summerfield Water	Bedford Temperance Water	Bedford Township Sewer #5	Village of Dundee Sewer #3	Frenchtown Township Water #2	Ida Township Water #1	City of Petersburg Water #1	South Rockwood Water #2
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
973,526	304,554	0	3,049,221	4,500,000	462,124	700	149,395
697	463	9,452	80,229	32,276	16,903	5,853	339
0	0	1,330,186	4,972,911	3,191,962	2,165,751	2,720,000	1,530,000
0	0	45,524	0	0	0	0	0
974,223	305,017	1,385,162	8,102,361	7,724,238	2,644,778	2,726,553	1,679,734
796,628	248,296	1,174,753	6,582,020	6,996,452	1,811,677	2,096,799	1,413,628
177,590	56,449	128,033	629,068	492,589	688,463	629,064	266,097
0	0	0	222,923	9,112	10,751	0	0
0	0	31,692	57,208	47,414	44,819	0	0
5	272	436	0	0	0	0	9
974,223	305,017	1,334,914	7,491,219	7,545,567	2,555,710	2,725,863	1,679,734
\$0	\$0	\$50,248	\$611,142	\$178,671	\$89,068	\$690	\$0

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

December 31, 2005

	<u>Administrative Fund</u>	<u>Bedford Sewage Disposal System</u>	<u>Ida-Raisinville Sewage Disposal System</u>
ASSETS			
Current Assets			
Cash	\$392,556	\$604,790	\$39,249
Certificates of deposit	650,000	700,000	0
Petty cash	300	20	0
Accounts receivable	42,035	0	0
Prepaid expenses	10,200	5,500	0
Due from other funds	240,085	97	12
Container deposits	0	1,500	0
Total Current Assets	1,335,176	1,311,907	39,261
Restricted Assets - Fixed Asset Replacement			
Cash and certificates of deposit	0	3,949,195	10,664
Fixed Assets			
Building and building improvements	0	204,947	0
Equipment	94,981	97,799	0
Vehicles	370,833	73,307	0
	465,814	376,053	0
Less: Allowance for depreciation	433,111	361,461	
Net Fixed Assets	32,703	14,592	0
Total Assets	\$1,367,879	\$5,275,694	\$49,925
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$59,490	\$41,118	\$108
Due to other funds	2,368	111,133	18,958
Accrued payroll	30,846	0	0
Accrued compensated absences	87,856	0	0
Total Current Liabilities	180,560	152,251	19,066
Other Credits			
Deferred revenue	185,700	0	0
NET ASSETS			
Invested in capital assets (net of debt)	32,703	14,592	0
Restricted for fixed asset replacement	0	3,948,485	10,664
Unrestricted	968,916	1,160,366	20,195
Total Net Assets	1,001,619	5,123,443	30,859
Total Liabilities and Net assets	\$1,367,879	\$5,275,694	\$49,925

<u>LaSalle Sewage Disposal System</u>	<u>Maybee Sewage Disposal System</u>	<u>South Rockwood Sewage Disposal System</u>	<u>Whiteford Sewage Disposal System</u>	<u>Totals</u>
\$36,869	\$16,308	\$9,977	\$12,880	\$1,112,629
0	0	0	0	1,350,000
0	0	0	0	320
0	0	0	0	42,035
0	0	0	0	15,700
7	5	2	2	240,210
0	0	0	0	1,500
36,876	16,313	9,979	12,882	2,762,394
6,389	889	0	16,287	3,983,424
0	0	0	0	204,947
0	0	0	0	192,780
0	0	0	0	444,140
0	0	0	0	841,867
				794,572
0	0	0	0	47,295
<u>\$43,265</u>	<u>\$17,202</u>	<u>\$9,979</u>	<u>\$29,169</u>	<u>\$6,793,113</u>
\$1,843	\$1,013	\$795	\$2,381	\$106,748
8,468	10,928	4,154	3,922	159,931
0	0	0	0	30,846
0	0	0	0	87,856
10,311	11,941	4,949	6,303	385,381
0	0	0	0	185,700
0	0	0	0	47,295
6,389	889	0	16,287	3,982,714
26,565	4,372	5,030	6,579	2,192,023
32,954	5,261	5,030	22,866	6,222,032
<u>\$43,265</u>	<u>\$17,202</u>	<u>\$9,979</u>	<u>\$29,169</u>	<u>\$6,793,113</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2005

	<u>Administrative Fund</u>	<u>Bedford Sewage Disposal System</u>	<u>Ida-Raisinville Sewage Disposal System</u>
Operating Revenues			
Administrative fees	\$186,961	\$0	\$0
Utility labor and fringe benefits	2,056,744	0	0
Drain labor and fringe benefits	16,365	0	0
Operation and maintenance fee	0	1,687,933	47,872
Tap inspection fee	0	3,925	0
Utility billing charges	9,070	0	0
Debt service fees	3,450	0	0
Equipment rental	114,924	4,615	0
Other revenues	4,612	0	0
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	2,392,126	1,696,473	47,872
Operating Expenses			
Wages and fringe benefits:			
Sewage disposal system	0	691,975	14,345
Administrative overhead department	198,463	0	0
Utility labor department	2,091,096	0	0
Other operating expenses	115,719	973,857	32,956
Depreciation	29,078	19,695	0
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,434,356	1,685,527	47,301
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(42,230)	10,946	571
Non-Operating Revenues (Expenses)			
Interest income	29,227	38,979	110
Loss on disposal of assets	0	(746)	0
Transfer out	0	(45,029)	0
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	29,227	(6,796)	110
	<hr/>	<hr/>	<hr/>
Net Income (Loss)	(13,003)	4,150	681
Contributions and Interest on Net Assets Reserved for Fixed Asset Replacement	<hr/> 0	<hr/> 301,414	<hr/> 1,360
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Net Assets	(13,003)	305,564	2,041
Net Assets - Beginning of Year	<hr/> 1,014,622	<hr/> 4,817,879	<hr/> 28,818
	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	<u>\$1,001,619</u>	<u>\$5,123,443</u>	<u>\$30,859</u>

<u>LaSalle Sewage Disposal System</u>	<u>Maybee Sewage Disposal System</u>	<u>South Rockwood Sewage Disposal System</u>	<u>Whiteford Sewage Disposal System</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$186,961
0	0	0	0	2,056,744
0	0	0	0	16,365
27,715	53,444	42,039	22,859	1,881,862
0	0	0	0	3,925
0	0	0	0	9,070
0	0	0	0	3,450
0	0	0	0	119,539
0	0	0	0	4,612
<u>27,715</u>	<u>53,444</u>	<u>42,039</u>	<u>22,859</u>	<u>4,282,528</u>
2,671	20,798	23,828	3,775	757,392
0	0	0	0	198,463
0	0	0	0	2,091,096
18,948	33,220	25,740	30,923	1,231,363
0	0	0	0	48,773
<u>21,619</u>	<u>54,018</u>	<u>49,568</u>	<u>34,698</u>	<u>4,327,087</u>
6,096	(574)	(7,529)	(11,839)	(44,559)
104	130	127	139	68,816
0	0	0	0	(746)
0	0	0	0	(45,029)
<u>104</u>	<u>130</u>	<u>127</u>	<u>139</u>	<u>23,041</u>
6,200	(444)	(7,402)	(11,700)	(21,518)
1,918	1,000	0	1,931	307,623
8,118	556	(7,402)	(9,769)	286,105
<u>24,836</u>	<u>4,705</u>	<u>12,432</u>	<u>32,635</u>	<u>5,935,927</u>
<u>\$32,954</u>	<u>\$5,261</u>	<u>\$5,030</u>	<u>\$22,866</u>	<u>\$6,222,032</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUND

COMBINING STATEMENT OF CHANGES IN NET ASSETS RESERVED FOR FIXED ASSET REPLACEMENT
For the Years Ended December 31, 2005 and 2004

2005

	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System	Maybee Sewage Disposal System	Whiteford Sewage Disposal System	Totals
Opening Balance	\$3,727,535	\$12,012	\$4,471	\$0	\$14,356	\$3,758,374
Additions:						
Contributions	189,072	1,000	1,772	1,000	1,500	194,344
Interest Income	112,342	360	146	0	431	113,279
	301,414	1,360	1,918	1,000	1,931	307,623
Deductions:						
Expenditures	35,435	2,708	0	111	0	38,254
Transfers out	45,029	0	0	0	0	45,029
	80,464	2,708	0	111	0	\$83,283
Closing Balance	\$3,948,485	\$10,664	\$6,389	\$889	\$16,287	\$3,982,714

2004

	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System	Maybee Sewage Disposal System	Whiteford Sewage Disposal System	Totals
Opening Balance	\$3,516,476	\$11,211	\$2,656	\$0	\$12,671	\$3,543,014
Additions:						
Contributions	189,072	640	1,772	0	1,500	192,984
Interest Income	51,289	161	43	0	185	51,678
	240,361	801	1,815		1,685	244,662
Deductions:						
Expenditures	29,302	0	0	0	0	29,302
Closing Balance	\$3,727,535	\$12,012	\$4,471	\$0	\$14,356	\$3,758,374

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005
Increase (Decrease) in Cash and Certificates of Deposit

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
Cash Flows from Operating Activities:			
Cash paid to suppliers	(\$92,353)	(\$996,012)	(\$34,381)
Cash paid to employees	(2,300,629)	(691,975)	(14,183)
Cash received for internal services used	2,345,186	1,703,577	47,866
Net Cash Provided (Used) by Operating Activities	(47,796)	15,590	(698)
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by local unit	0	189,072	1,000
Acquisition of fixed assets	(2,215)	0	0
Proceeds from sale of fixed assets	0	1,352	0
Transfers out	0	(45,029)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,215)	145,395	1,000
Cash Flows from Investing Activities:			
Interest earned on cash investments	29,227	151,321	470
Net increase in cash and cash equivalents	(20,784)	312,306	772
Cash and cash equivalents at beginning of year	1,063,640	4,941,699	49,141
Cash and cash equivalents at end of year	<u>\$1,042,856</u>	<u>\$5,254,005</u>	<u>\$49,913</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$42,230)	\$10,946	\$571
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	29,078	19,695	0
Changes in assets and liabilities			
Receivables	(18,905)	0	0
Due from other funds	(9,504)	7,104	(6)
Prepaid expenses	(10,200)	(5,500)	0
Accounts payable	31,326	(29,220)	(1,425)
Due to other funds	2,240	12,565	162
Accrued payroll and compensated absences	(11,070)	0	0
Deferred revenue	(18,531)	0	0
Total adjustments	(5,566)	4,644	(1,269)
Net Cash Provided by Operating Activities	<u>(\$47,796)</u>	<u>\$15,590</u>	<u>(\$698)</u>

<u>LaSalle Sewage Disposal System</u>	<u>Maybee Sewage Disposal System</u>	<u>South Rockwood Sewage Disposal System</u>	<u>Whiteford Sewage Disposal System</u>	<u>Totals</u>
(\$17,215)	(\$32,777)	(\$26,123)	(\$28,617)	(\$1,227,478)
(4,977)	(21,804)	(22,173)	(3,500)	(3,059,241)
<u>27,709</u>	<u>53,441</u>	<u>42,037</u>	<u>22,857</u>	<u>4,242,673</u>
5,517	(1,140)	(6,259)	(9,260)	(44,046)
1,772	1,000	0	1,500	194,344
0	0	0	0	(2,215)
0	0	0	0	1,352
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(45,029)</u>
1,772	1,000	0	1,500	148,452
<u>250</u>	<u>130</u>	<u>127</u>	<u>570</u>	<u>182,095</u>
7,539	(10)	(6,132)	(7,190)	286,501
<u>35,719</u>	<u>17,207</u>	<u>16,109</u>	<u>36,357</u>	<u>6,159,872</u>
<u>\$43,258</u>	<u>\$17,197</u>	<u>\$9,977</u>	<u>\$29,167</u>	<u>\$6,446,373</u>
\$6,096	(\$574)	(\$7,529)	(\$11,839)	(\$44,559)
0	0	0	0	48,773
0	0	0	0	(18,905)
(6)	(3)	(2)	(2)	(2,419)
0	0	0	0	(15,700)
1,733	443	(383)	2,306	4,780
(2,306)	(1,006)	1,655	275	13,585
0	0	0	0	(11,070)
0	0	0	0	(18,531)
<u>(579)</u>	<u>(566)</u>	<u>1,270</u>	<u>2,579</u>	<u>513</u>
<u>\$5,517</u>	<u>(\$1,140)</u>	<u>(\$6,259)</u>	<u>(\$9,260)</u>	<u>(\$44,046)</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2005	2004
Current Assets		
Cash	\$392,556	\$438,340
Certificates of deposit	650,000	625,000
Petty cash	300	300
Accounts receivable	42,035	23,130
Prepaid Expense	10,200	0
Due from other funds	240,085	230,581
Total Current Assets	1,335,176	1,317,351
Fixed Assets		
Administrative office equipment	73,447	71,507
Administrative vehicles	29,685	29,685
Inspection equipment	21,534	21,534
Inspection vehicles	341,148	341,148
	465,814	463,874
Less: Allowance for depreciation	433,111	404,308
Net Fixed Assets	32,703	59,566
Total Assets	<u>\$1,367,879</u>	<u>\$1,376,917</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$59,490	\$28,164
Due to other funds	2,368	128
Accrued payroll	30,846	40,380
Accrued compensated absences	87,856	89,392
Total Current Liabilities	180,560	158,064
Other Credits		
Deferred revenue	185,700	204,231
Net Assets		
Invested in capital assets	32,703	59,566
Unrestricted	968,916	955,056
Total Net Assets	1,001,619	1,014,622
Total Liabilities and Net Assets	<u>\$1,367,879</u>	<u>\$1,376,917</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2005 and 2004

	2005			2004		
	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals
Operating Revenue						
Administrative fees	\$186,961	\$0	\$186,961	\$188,427	\$0	\$188,427
Utility labor and fringe benefits	0	2,056,744	2,056,744	0	2,023,890	2,023,890
Drain labor and fringe benefits	0	16,365	16,365	0	14,089	14,089
Utility billing charges	9,070	0	9,070	8,970	0	8,970
Debt service fees	3,450	0	3,450	3,040	0	3,040
Equipment rental	0	114,924	114,924	0	123,071	123,071
Other revenue	664	3,948	4,612	1,498	4,157	5,655
Total Operating Revenues	200,145	2,191,981	2,392,126	201,935	2,165,207	2,367,142
Operating Expenses						
Wages and fringe benefits	198,463	2,091,096	2,289,559	196,372	1,969,152	2,165,524
Other operating expenses	38,220	77,499	115,719	37,878	77,301	115,179
Depreciation	10,109	18,969	29,078	10,458	21,672	32,130
Total Operating Expenses	246,792	2,187,564	2,434,356	244,708	2,068,125	2,312,833
Net Operating Income (Loss)	(46,647)	4,417	(42,230)	(42,773)	97,082	54,309
Non-Operating Revenues (Expenses)						
Interest income	29,227	0	29,227	13,856	0	13,856
Gain (loss) on sale of fixed assets	0	0	0	0	0	0
Total Non-Operating Revenues (Expenses)	29,227	0	29,227	13,856	0	13,856
Net Income (Loss)	(\$17,420)	\$4,417	(13,003)	(\$28,917)	\$97,082	68,165
Net Assets - Beginning of Year			1,014,622			946,457
Net Assets - End of Year			\$1,001,619			\$1,014,622

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

ADMINISTRATIVE OVERHEAD DEPARTMENT

	2005		Variance	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Administrative fees (Schedule A)	\$203,961	\$186,961	(\$17,000)	\$188,427
Utility billing charges	8,984	9,070	86	8,970
Debt service fees	5,400	3,450	(1,950)	3,040
Other revenue	20,300	664	(19,636)	1,498
Total Operating Revenues	238,645	200,145	(38,500)	201,935
Operating Expenses				
Wages and fringe benefits:				
Salaries	129,589	116,429	13,160	140,503
Payroll taxes	11,209	10,077	1,132	12,096
Hospitalization insurance	55,367	60,157	(4,790)	37,231
Optical and dental insurance	2,421	2,739	(318)	2,001
Life insurance and disability	2,995	2,618	377	2,759
Longevity pay	700	700	0	650
Compensated absences	0	5,743	(5,743)	1,132
	202,281	198,463	3,818	196,372
Other operating expenses:				
Training and conferences	500	229	271	336
Telephone	800	563	237	752
General supplies	7,850	11,267	(3,417)	5,737
County central service fee	28,500	6,329	22,171	8,979
Outside contracted services	3,000	4,533	(1,533)	3,151
Professional services	10,000	8,696	1,304	10,274
Insurance and bonds	3,106	3,463	(357)	3,720
Miscellaneous	2,250	3,140	(890)	4,929
	56,006	38,220	17,786	37,878
Depreciation	16,000	10,109	5,891	10,458
	72,006	48,329	23,677	48,336
Total Operating Expenses	274,287	246,792	27,495	244,708
Net Operating Income (Loss)	(35,642)	(46,647)	(11,005)	(42,773)
Non-Operating Revenues (Expenses)				
Interest income	10,000	29,227	19,227	13,856
Gain (loss) on sale of fixed assets	0	0	0	0
Total Non-Operating Revenues (Expenses)	10,000	29,227	19,227	13,856
Net Income (Loss)	(\$25,642)	(\$17,420)	\$8,222	(\$28,917)

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

UTILITY LABOR DEPARTMENT

	2005		Variance	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Utility labor and fringe benefits (Schedule B)	\$2,037,195	\$2,056,744	\$19,549	\$2,023,890
Drain labor and fringe benefits	12,530	16,365	3,835	14,089
Equipment rental	130,000	114,924	(15,076)	123,071
Other revenue	5,000	3,948	(1,052)	4,157
Total Operating Revenues	2,184,725	2,191,981	7,256	2,165,207
Operating Expenses				
Wages and fringe benefits:				
Salaries and wages	1,209,084	1,086,915	122,169	1,119,062
Payroll taxes	133,420	120,337	13,083	118,789
Hospitalization insurance	463,004	530,491	(67,487)	425,132
Optical and dental insurance	20,106	21,858	(1,752)	19,813
Life insurance and disability	31,335	31,192	143	31,006
Pension contribution	0	0	0	0
Longevity pay	11,750	9,831	1,919	11,150
Compensated absences	153,825	290,472	(136,647)	244,200
	2,022,524	2,091,096	(68,572)	1,969,152
Other operating expenses:				
Equipment/vehicle maintenance	13,000	14,170	(1,170)	10,216
Gas, oil and mileage	17,000	17,566	(566)	11,180
Outside contracted services	0	0	0	229
Insurance and bonds	54,000	45,683	8,317	52,166
Miscellaneous	100	80	20	3,510
	84,100	77,499	6,601	77,301
Depreciation	25,000	18,969	6,031	21,672
	109,100	96,468	12,632	98,973
Total Operating Expenses	2,131,624	2,187,564	(55,940)	2,068,125
Net Income (Loss)	\$53,101	\$4,417	(\$48,684)	\$97,082

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$92,353)	(\$133,013)
Cash paid to employees	(2,300,629)	(2,199,848)
Cash received for internal services used	2,345,186	2,383,104
Net Cash Provided (Used) by Operating Activities	(47,796)	50,243
Cash Flows from Capital and Related Financing Activities:		
Acquisition of fixed assets	(2,215)	(39,123)
Net Cash Used for Capital and Related Financing Activities	(2,215)	(39,123)
Cash Flows from Investing Activities:		
Interest earned on cash investments	29,227	13,856
Net increase (decrease) in cash and cash equivalents	(20,784)	24,976
Cash and cash equivalents at beginning of year	1,063,640	1,038,664
Cash and cash equivalents at end of year	<u>\$1,042,856</u>	<u>\$1,063,640</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$42,230)	\$54,309
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	29,078	32,130
Changes in assets and liabilities:		
Accounts receivable	(18,905)	3,735
Prepaid expenses	(10,200)	0
Due from other funds	(9,504)	(16,673)
Accounts payable and accrued expenses	31,326	(17,430)
Due to other funds	2,240	(276)
Accrued payroll and compensated absences	(11,070)	(34,324)
Deferred revenue	(18,531)	28,772
Total adjustments	<u>(5,566)</u>	<u>(4,066)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$47,796)</u>	<u>\$50,243</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

SCHEDULE OF ADMINISTRATIVE FEES EARNED

For the Year Ended December 31, 2005

Schedule A

Utility Operations

LaSalle Sewage Disposal System	\$2,288
South County Water System	78,000
Bedford Sewage Disposal System	52,000
Maybee Sewage Disposal System	4,413
South Rockwood Sewage Disposal System	3,471
Ida-Raisinville Sewage Disposal System	3,953
Whiteford Sewage Disposal System	1,887
	<u>146,012</u>

Construction

Dundee Sewer System #3	16,372
Frenchtown Township Water System #3	19,868
Ida Township Water System #1	4,709
	<u>40,949</u>

Total Administrative Fees Earned	<u><u>\$186,961</u></u>
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SCHEDULE OF UTILITY LABOR AND FRINGE BENEFITS EARNED

Schedule B

Utility Operations

LaSalle Sewage Disposal System	\$7,284
South County Water System	1,010,712
Bedford Sewage Disposal System	865,020
Maybee Sewage Disposal System	25,332
South Rockwood Sewage Disposal System	28,209
Whiteford Sewage Disposal System	3,775
Ida-Raisinville Sewage Disposal System	19,056
	<u>1,959,388</u>

Projects

Storm Sewers	90,797
Monroe Parks and Recreation	568
Other Utility Labor and Fringe Benefits	5,991
	<u>97,356</u>

Total Utility Labor and Fringe Benefits Earned	<u><u>\$2,056,744</u></u>
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**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2005	2004
Current Assets		
Cash	\$604,790	\$564,144
Certificates of deposit	700,000	650,000
Petty cash	20	20
Prepaid expenses	5,500	0
Due from other funds	97	7,201
Container deposits	1,500	1,500
Total Current Assets	1,311,907	1,222,865
Restricted Assets - Fixed Asset Replacement		
Cash	195	1,135
Certificates of deposit	3,949,000	3,726,400
Total Restricted Assets	3,949,195	3,727,535
Property, Plant and Equipment		
Building	204,947	208,821
Auxiliary equipment	97,799	97,799
Vehicles	73,307	73,307
	376,053	379,927
Less: Allowance for depreciation	361,461	343,542
Net Property, Plant and Equipment	14,592	36,385
Total Assets	<u>\$5,275,694</u>	<u>\$4,986,785</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$41,118	\$70,338
Due to other funds	111,133	98,568
Total Current Liabilities	152,251	168,906
Net Assets		
Invested in capital assets	14,592	36,385
Restricted for fixed asset replacement	3,948,485	3,727,535
Unrestricted	1,160,366	1,053,959
Total Net Assets	5,123,443	4,817,879
Total Liabilities and Net Assets	<u>\$5,275,694</u>	<u>\$4,986,785</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

2005

	Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Operating Revenues				
Bedford Township operation and maintenance fee	\$1,708,333	\$1,687,933	(\$20,400)	\$1,619,317
Tap inspection fees	0	3,925	3,925	6,050
Equipment rental revenue	0	4,615	4,615	0
Total Operating Revenues	1,708,333	1,696,473	(\$11,860)	1,625,367
Operating Expenses				
Wages and fringe benefits	704,684	691,975	12,709	616,756
Other operating expenses:				
Sludge removal and disposal	72,000	93,335	(21,335)	104,150
Vehicle expense	16,000	16,886	(886)	17,756
Office supplies	1,500	1,128	372	1,284
Chemicals	25,000	25,798	(798)	22,867
Operating supplies	60,000	48,865	11,135	42,908
Replacement parts	20,000	35,435	(15,435)	29,302
Professional services	10,000	13,058	(3,058)	9,500
Lab analysis and supplies	19,200	20,700	(1,500)	18,675
Administrative fee	52,000	52,000	0	51,000
Telephone	20,000	15,408	4,592	16,674
Mileage	300	78	222	267
Insurance	72,000	73,058	(1,058)	71,218
Electricity	220,000	234,108	(14,108)	191,809
Gas	40,000	48,831	(8,831)	42,596
Water and sewer	11,000	7,777	3,223	13,596
Contracted services	15,000	8,432	6,568	11,672
Equipment rental	34,000	33,200	800	31,028
Training	500	3,148	(2,648)	233
Sewer maintenance	287,149	233,058	54,091	248,954
Miscellaneous	2,300	3,865	(1,565)	4,528
County central services fee	5,300	5,689	(389)	7,275
	983,249	973,857	9,392	937,292
Depreciation	20,400	19,695	705	20,230
	1,003,649	993,552	10,097	957,522
Total Operating Expenses	1,708,333	1,685,527	22,806	1,574,278
Net Operating Income (Loss)	0	10,946	10,946	51,089
Non-Operating Revenues (Expenses)				
Interest income	0	38,979	38,979	18,207
Loss on disposal of assets	0	(746)	(746)	0
Transfer out	0	(45,029)	(45,029)	0
Net Income (Loss)	\$0	4,150	\$4,150	69,296
Contributions and interest on Net Assets				
Restricted for fixed asset replacement		301,414		240,361
Increase in Net Assets		305,564		309,657
Net Assets - Beginning of Year		4,817,879		4,508,222
Net Assets - End of Year		\$5,123,443		\$4,817,879

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Opening Balance	\$3,727,535	\$3,516,476
Additions:		
Contributions	189,072	189,072
Interest Income	<u>112,342</u>	<u>51,289</u>
	301,414	240,361
Deductions:		
Expenditures	35,435	29,302
Transfers out	<u>45,029</u>	<u>0</u>
	80,464	29,302
Closing Balance	<u><u>\$3,948,485</u></u>	<u><u>\$3,727,535</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$996,012)	(\$922,115)
Cash paid to employees	(691,975)	(616,756)
Cash received for internal services used	<u>1,703,577</u>	<u>1,618,166</u>
Net Cash Provided (Used) by Operating Activities	15,590	79,295
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Bedford Township, fixed assets	189,072	189,072
Proceeds from the sale of fixed assets	1,352	0
Transfer to construction fund	<u>(45,029)</u>	<u>0</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	145,395	189,072
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>151,321</u>	<u>69,496</u>
Net increase (decrease) in cash and cash equivalents	312,306	337,863
Cash and cash equivalents at beginning of year	4,941,699	4,603,836
Cash and cash equivalents at end of year	<u><u>\$5,254,005</u></u>	<u><u>\$4,941,699</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$10,946	\$51,089
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	19,695	20,230
Changes in assets and liabilities		
Due from other funds	7,104	(7,201)
Prepaid expenses	(5,500)	0
Accounts payable	(29,220)	10,560
Due to other funds	12,565	4,617
Total adjustments	<u>4,644</u>	<u>28,206</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$15,590</u></u>	<u><u>\$79,295</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2005	2004
Current Assets		
Cash	\$39,249	\$37,129
Due from other funds	12	6
Total Current Assets	39,261	37,135
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	10,664	12,012
Property, Plant and Equipment	0	0
Total Assets	<u>\$49,925</u>	<u>\$49,147</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$108	\$1,533
Due to other funds	18,958	18,796
Total Current Liabilities	19,066	20,329
Net Assets		
Restricted for fixed asset replacement	10,664	12,012
Unrestricted	20,195	16,806
Total Net Assets	30,859	28,818
Total Liabilities and Net Assets	<u>\$49,925</u>	<u>\$49,147</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL
For the Years Ended December 31,

	2005			
	Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Operating Revenues				
Ida Township operation and maintenance fee	\$34,372	\$34,372	\$0	\$33,519
Raisinville Township operation and maintenance fee	13,500	13,500	0	13,163
Miscellaneous income	0	0	0	114
Total Operating Revenues	47,872	47,872	0	46,796
Operating Expenses				
Wages and fringe benefits	14,534	14,345	189	11,981
Other operating expenses:				
Utility billing	5,000	4,131	869	4,131
Operation and maintenance supplies	2,000	4,727	(2,727)	9,090
Mileage	50	0	50	0
Equipment rental	3,000	3,161	(161)	3,173
Administrative fee	3,802	3,953	(151)	3,802
Professional services	1,000	1,000	0	1,698
Telephone	480	517	(37)	629
Contracted services	2,500	2,860	(360)	5,119
Electricity	3,000	1,896	1,104	1,081
Sewer maintenance	9,467	8,881	586	5,932
Elevator inspection	1,500	495	1,005	1,309
Miscellaneous	400	454	(54)	910
County central service fee	400	433	(33)	537
Insurance	520	448	72	499
	<u>33,119</u>	<u>32,956</u>	<u>163</u>	<u>37,910</u>
Total Operating Expenses	47,653	47,301	352	49,891
Net Operating Income (Loss)	219	571	352	(3,095)
Non-Operating Revenues				
Interest income	0	110	110	135
Total Non-Operating Revenues	0	110	110	135
Net Income (Loss)	\$219	681	\$462	(2,960)
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement Increase(Decrease) in Net Assets		<u>1,360</u> <u>2,041</u>		<u>801</u> <u>(2,159)</u>
Net Assets - Beginning of Year		<u>28,818</u>		<u>30,977</u>
Net Assets - End of Year		<u><u>\$30,859</u></u>		<u><u>\$28,818</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT
For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Opening Balance	\$12,012	\$11,211
Additions:		
Contributions	1,000	640
Interest Income	360	161
	<u>1,360</u>	<u>801</u>
Deductions:		
Expenditures	<u>2,708</u>	<u>0</u>
Closing Balance	<u><u>\$10,664</u></u>	<u><u>\$12,012</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$34,381)	(\$37,917)
Cash paid to employees	(14,183)	(11,981)
Cash received for internal services used	<u>47,866</u>	<u>46,796</u>
Net Cash Provided (Used) by Operating Activities	(698)	(3,102)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Ida Township	718	460
Capital contributed by Raisinville Township	<u>282</u>	<u>180</u>
Net Cash Provided by Capital and Related Financing Activities	1,000	640
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>470</u>	<u>296</u>
Net increase (decrease) in cash and cash equivalents	772	(2,166)
Cash and cash equivalents at beginning of year	49,141	51,307
Cash and cash equivalents at end of year	<u><u>\$49,913</u></u>	<u><u>\$49,141</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$571	(\$3,095)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(6)	(6)
Accounts payable	(1,425)	1,230
Due to other funds	162	(1,231)
Total adjustments	<u>(1,269)</u>	<u>(7)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$698)</u></u>	<u><u>(\$3,102)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$36,869	\$31,248
Due from other utilities	7	1
Total Current Assets	36,876	31,249
Restricted Assets - Fixed Asset Replacement		
Cash	6,389	4,471
Property, Plant and Equipment	0	0
Total Assets	<u>\$43,265</u>	<u>\$35,720</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$1,843	\$110
Due to other funds	8,468	10,774
Total Current Liabilities	10,311	10,884
Net Assets		
Restricted for fixed asset replacement	6,389	4,471
Unrestricted	26,565	20,365
Total Net Assets	32,954	24,836
Total Liabilities and Net Assets	<u>\$43,265</u>	<u>\$35,720</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL
For the Years Ended December 31,

	2005		Variance	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
LaSalle Township operation and maintenance fee	\$27,715	\$27,715	\$0	\$27,715
Total Operating Revenues	27,715	27,715	0	27,715
Operating Expenses				
Wages and fringe benefits	7,240	2,671	4,569	3,249
Other operating expenses:				
Operating supplies	2,000	740	1,260	1,431
Professional services	1,000	1,000	0	1,000
Administrative fee	2,288	2,288	0	2,288
Telephone	800	699	101	949
Mileage	50	0	50	0
Insurance	550	411	139	525
Electricity	5,200	4,479	721	3,543
Equipment rental	3,000	638	2,362	565
Sewer maintenance	5,086	8,443	(3,357)	628
Miscellaneous	50	0	50	134
County central service fees	250	250	0	325
Contracted services	200	0	200	143
	20,474	18,948	1,526	11,531
Total Operating Expenses	27,714	21,619	6,095	14,780
Net Operating Income (Loss)	1	6,096	6,095	12,935
Non-Operating Revenues				
Interest income	0	104	104	62
Total Non-Operating Revenues	0	104	104	62
Net Income (Loss)	\$1	6,200	\$6,199	12,997
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement Increase (Decrease) in Net Assets		1,918 8,118		1,815 14,812
Net Assets - Beginning of Year		24,836		10,024
Net Assets - End of Year		\$32,954		\$24,836

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT
For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Opening Balance	\$4,471	\$2,656
Additions:		
Contributions	1,772	1,772
Interest Income	<u>146</u>	<u>43</u>
	1,918	1,815
Deductions:		
Transfers	<u>0</u>	<u>0</u>
Closing Balance	<u><u>\$6,389</u></u>	<u><u>\$4,471</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$17,215)	(\$11,321)
Cash paid to employees	(4,977)	(3,249)
Cash received for internal services used	<u>27,709</u>	<u>27,715</u>
Net Cash Provided (Used) by Operating Activities	5,517	13,145
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by LaSalle Township	<u>1,772</u>	<u>1,772</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,772	1,772
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>250</u>	<u>105</u>
Net increase (decrease) in cash and cash equivalents	7,539	15,022
Cash and cash equivalents at beginning of year	35,719	20,697
Cash and cash equivalents at end of year	<u><u>\$43,258</u></u>	<u><u>\$35,719</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$6,096	\$12,935
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(6)	(1)
Accounts payable	1,733	(363)
Due to other funds	(2,306)	574
Total adjustments	<u>(579)</u>	<u>210</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$5,517</u></u>	<u><u>\$13,145</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2005	2004
Current Assets		
Cash	\$16,308	\$17,207
Due from other funds	5	2
Total Current Assets	16,313	17,209
Restricted Assets - Fixed Asset Replacement		
Cash	889	0
Property, Plant and Equipment	0	0
Total Assets	<u>\$17,202</u>	<u>\$17,209</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$1,013	\$570
Due to other funds	10,928	11,934
Total Current Liabilities	11,941	12,504
Net Assets		
Restricted for fixed asset replacement	889	0
Unrestricted (deficit)	4,372	4,705
Total Net Assets	5,261	4,705
Total Liabilities and Net Assets	<u>\$17,202</u>	<u>\$17,209</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

	2005		Variance	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Village of Maybee operation and maintenance fee	\$46,548	\$53,444	\$6,896	\$46,548
Total Operating Revenues	46,548	53,444	6,896	46,548
Operating Expenses				
Wages and fringe benefits	19,475	20,798	(1,323)	23,029
Other operating expenses:				
Operating supplies	2,000	3,870	(1,870)	1,398
Professional services	1,000	1,000	0	1,000
Administrative fee	4,413	4,413	0	3,843
Telephone	1,700	1,702	(2)	1,727
Mileage	100	10	90	49
Insurance	1,200	1,017	183	1,132
Electricity	4,000	4,149	(149)	3,619
Elevator inspections	2,400	954	1,446	2,618
Equipment rental	4,000	4,742	(742)	3,789
Equipment replacement	0	111	(111)	0
Sewer maintenance	10,034	9,507	527	4,580
Tap maintenance	1,822	674	1,148	60
Miscellaneous	400	588	(188)	801
County central service fees	400	483	(83)	540
Contracted services	500	0	500	144
	<u>33,969</u>	<u>33,220</u>	<u>749</u>	<u>25,300</u>
Total Operating Expenses	53,444	54,018	(574)	48,329
Net Operating Income (Loss)	(6,896)	(574)	6,322	(1,781)
Non-Operating Revenues				
Interest income	0	130	130	85
Total Non-Operating Revenues	0	130	130	85
Net Income (Loss)	<u>(\$6,896)</u>	<u>(444)</u>	<u>\$6,452</u>	<u>(1,696)</u>
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		1,000		0
Increase (Decrease) in Net Assets		556		(1,696)
Net Assets (deficit) - Beginning of Year		4,705		6,401
Net Assets (deficit) - End of Year		<u>\$5,261</u>		<u>\$4,705</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Opening Balance	\$0	\$0
Additions:		
Contributions	1,000	0
Interest Income	<u>0</u>	<u>0</u>
	1,000	0
Deductions:		
Expenditures	<u>111</u>	<u>0</u>
Closing Balance	<u><u>\$889</u></u>	<u><u>\$0</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS
For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$32,777)	(\$26,056)
Cash paid to employees	(21,804)	(23,029)
Cash received for internal services used	<u>53,441</u>	<u>46,548</u>
Net Cash Provided (Used) by Operating Activities	(1,140)	(2,537)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by the Village of Maybee	<u>1,000</u>	<u>0</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,000	0
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>130</u>	<u>85</u>
Net increase (decrease) in cash and cash equivalents	(10)	(2,452)
Cash and cash equivalents at beginning of year	<u>17,207</u>	<u>19,659</u>
Cash and cash equivalents at end of year	<u><u>\$17,197</u></u>	<u><u>\$17,207</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$574)	(\$1,781)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(3)	(2)
Accounts payable	443	(2,592)
Due to other funds	<u>(1,006)</u>	<u>1,838</u>
Total adjustments	<u>(566)</u>	<u>(756)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$1,140)</u></u>	<u><u>(\$2,537)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$9,977	\$16,109
Due from other funds	<u>2</u>	<u>0</u>
Total Current Assets	9,979	16,109
 Property, Plant and Equipment	 <u>0</u>	 <u>0</u>
Total Assets	<u><u>\$9,979</u></u>	<u><u>\$16,109</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$795	\$1,178
Due to other funds	<u>4,154</u>	<u>2,499</u>
Total Current Liabilities	4,949	3,677
 Net Assets		
Unrestricted	<u>5,030</u>	<u>12,432</u>
Total Liabilities and Net Assets	<u><u>\$9,979</u></u>	<u><u>\$16,109</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

	2005		Variance	
	Budget	Actual	Favorable (Unfavorable)	2004 Actual
Operating Revenues				
Village of South Rockwood operation and maintenance fee	\$42,039	\$42,039	\$0	\$39,447
Total Operating Revenues	42,039	42,039	0	39,447
Operating Expenses				
Wages and fringe benefits	20,384	23,828	(3,444)	17,891
Other operating expenses:				
Operating supplies	1,500	3,897	(2,397)	1,221
Professional services	1,000	1,000	0	1,000
Mileage	100	88	12	49
Contracted services	200	0	200	122
Elevator inspection	1,300	951	349	1,317
Equipment rental	4,300	5,603	(1,303)	4,581
Administrative fee	3,471	3,471	0	3,257
Insurance	200	224	(24)	166
Miscellaneous	0	145	(145)	0
Sewer maintenance	8,534	9,370	(836)	7,344
County central service fees	350	380	(30)	451
Telephone	700	611	89	892
	21,655	25,740	(4,085)	20,400
Total Operating Expenses	42,039	49,568	(7,529)	38,291
Net Operating Income (Loss)	0	(7,529)	(7,529)	1,156
Non-Operating Revenues				
Interest income	0	127	127	77
Net Income (Loss)	\$0	(7,402)	(\$7,402)	1,233
Net Assets - Beginning of Year		12,432		11,199
Net Assets - End of Year		\$5,030		\$12,432

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$26,123)	(\$18,950)
Cash paid to employees	(22,173)	(17,891)
Cash received for internal services used	<u>42,037</u>	<u>39,447</u>
Net Cash Provided (Used) by Operating Activities	(6,259)	2,606
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>127</u>	<u>77</u>
Net increase (decrease) in cash and cash equivalents	(6,132)	2,683
Cash and cash equivalents at beginning of year	16,109	13,426
Cash and cash equivalents at end of year	<u><u>\$9,977</u></u>	<u><u>\$16,109</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$7,529)	\$1,156
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(2)	0
Accounts payable	(383)	1,178
Due to other funds	1,655	272
Total adjustments	<u>1,270</u>	<u>1,450</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$6,259)</u></u>	<u><u>\$2,606</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$12,880	\$22,001
Due from other funds	2	0
Total Current Assets	12,882	22,001
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	16,287	14,356
Property, Plant and Equipment	0	0
Total Assets	<u>\$29,169</u>	<u>\$36,357</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$2,381	\$75
Due to other funds	3,922	3,647
Total Current Liabilities	6,303	3,722
Net Assets		
Restricted for fixed asset replacement	16,287	14,356
Unrestricted	6,579	18,279
Total Net Assets	22,866	32,635
Total Liabilities and Net Assets	<u>\$29,169</u>	<u>\$36,357</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

	2005		Variance	
	Budget	Actual	Favorable (Unfavorable)	2004 Actual
Operating Revenues				
Whiteford Township operation and maintenance fee	\$22,859	\$22,859	\$0	\$22,682
Total Operating Revenues	22,859	22,859	0	22,682
Operating Expenses				
Wages and fringe benefits	3,601	3,775	(174)	2,460
Other operating expenses:				
Operating supplies	650	520	130	346
Professional services	1,000	1,000	0	1,627
Mileage	20	0	20	0
Equipment rental	700	873	(173)	609
Administrative fee	1,887	1,887	0	1,873
Insurance	350	281	69	333
Miscellaneous	200	0	200	0
Disposal charge	13,500	25,372	(11,872)	12,676
Electricity	350	451	(101)	336
Telephone	400	333	67	457
County central service fees	200	206	(6)	265
	19,257	30,923	(11,666)	18,522
Total Operating Expenses	22,858	34,698	(11,840)	20,982
Net Operating Income (Loss)	1	(11,839)	(11,840)	1,700
Non-Operating Revenues				
Interest income	0	139	139	92
Net Income (Loss)	\$1	(11,700)	(\$11,701)	1,792
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		1,931		1,685
Increase (Decrease) in Net Assets		(9,769)		3,477
Net Assets - Beginning of Year		32,635		29,158
Net Assets - End of Year		\$22,866		\$32,635

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2005</u>	<u>2004</u>
Opening Balance	\$14,356	\$12,671
Additions:		
Contributions	1,500	1,500
Interest Income	431	185
	<u>1,931</u>	<u>1,685</u>
Deductions:		
Expenditures	<u>0</u>	<u>0</u>
Closing Balance	<u><u>\$16,287</u></u>	<u><u>\$14,356</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$28,617)	(\$17,938)
Cash paid to employees	(3,500)	(2,460)
Cash received for internal services used	22,857	22,682
Net Cash Provided (Used) by Operating Activities	(9,260)	2,284
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Whiteford Township	1,500	1,500
Net Cash Provided (Used) by Capital and Related Financing Activities	1,500	1,500
Cash Flows from Investing Activities:		
Interest earned on cash investments	570	277
Net increase (decrease) in cash and cash equivalents	(7,190)	4,061
Cash and cash equivalents at beginning of year	36,357	32,296
Cash and cash equivalents at end of year	<u>\$29,167</u>	<u>\$36,357</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$11,839)	\$1,700
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(2)	0
Accounts payable	2,306	(798)
Due to other funds	275	1,382
Total adjustments	<u>2,579</u>	<u>584</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$9,260)</u>	<u>\$2,284</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

2005

	Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Operating Revenues				
Metered water sales	\$2,397,000	\$3,003,272	\$606,272	\$2,541,997
System capital charge	1,074,000	1,135,728	61,728	1,162,878
Sales of supplies and services	64,000	64,438	438	61,412
Penalties	55,000	64,784	9,784	62,471
Equipment rental	1,500	4,184	2,684	680
Office space rental	3,000	3,300	300	3,300
Miscellaneous revenue	1,000	6,884	5,884	460
Total Operating Revenues	3,595,500	4,282,590	687,090	3,833,198
Operating Expenses				
Administrative and general	326,300	313,895	12,405	285,214
Water supply operation and maintenance	1,420,604	1,436,206	(15,602)	1,408,400
Utility billing operation	232,368	223,691	8,677	224,849
Distribution system maintenance	528,788	486,881	41,907	543,952
Meter and meter shop	90,200	84,813	5,387	57,980
Vehicle and equipment maintenance	77,500	65,234	12,266	82,060
Building maintenance	24,729	22,474	2,255	15,109
Depreciation	470,000	484,269	(14,269)	470,050
Total Operating Expenses	3,170,489	3,117,463	53,026	3,087,614
Net Operating Income (Loss)	425,011	1,165,127	740,116	745,584
Non-Operating Revenues				
Connection fees	0	139,869	139,869	193,415
Gain on disposal of fixed assets	0	0	0	5,252
Interest income	102,000	229,895	127,895	88,964
Total Non-Operating Revenues	102,000	369,764	267,764	287,631
Non-Operating Expenses				
Interest expense - 1995 Improvements	16,905	16,905	0	23,625
Amortization expense	1,450	3,505	(2,055)	1,450
Premium on bonds	0	1,400	(1,400)	0
Paying agent fees	350	350	0	450
Total Non-Operating Expenses	18,705	22,160	(3,455)	25,525
Net Income	<u>\$508,306</u>	1,512,731	<u>\$1,004,425</u>	1,007,690
Net Assets - Beginning of Year		24,205,444		23,197,754
Net Assets - End of Year		<u>\$25,718,175</u>		<u>\$24,205,444</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

DETAIL OF OPERATING EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

	2005		Variance Favorable (Unfavorable)	2004 Actual
	Budget	Actual		
Administrative and General Expenses				
Labor and fringe benefits	\$158,000	\$160,719	(\$2,719)	\$131,457
Office supplies and postage	5,000	2,030	2,970	2,764
Professional services	6,500	6,349	151	7,922
County Agency administrative fee	78,000	78,150	(150)	72,050
Telephone	5,000	4,500	500	4,681
Insurance	32,500	30,160	2,340	32,338
Utilities	15,500	13,802	1,698	12,937
Contracted services	3,000	2,762	238	2,847
Training and conferences	3,200	3,872	(672)	2,378
Bad debt expense	100	0	100	0
Dues & subscriptions	10,000	1,412	8,588	3,255
Miscellaneous	2,000	1,427	573	1,591
County central service fees	7,500	8,712	(1,212)	10,994
Total Administrative and General Expenses	\$326,300	\$313,895	\$12,405	\$285,214
Water Supply Operation and Maintenance Expenses				
Labor and fringe benefits	\$69,067	\$57,296	\$11,771	\$62,596
Chemicals	2,500	1,845	655	3,749
Operating supplies	38,587	29,677	8,910	84,248
Telephone	2,500	2,173	327	2,003
Mileage and travel	150	71	79	134
Electricity	90,000	95,871	(5,871)	91,260
Purchased water	1,200,000	1,234,315	(34,315)	1,151,477
Outside contracted services	1,000	80	920	0
Equipment rental	10,500	10,562	(62)	8,192
Laboratory supplies	6,200	4,316	1,884	4,741
Miscellaneous	100	0	100	0
Total Water Supply Operation and Maintenance Expenses	\$1,420,604	\$1,436,206	(\$15,602)	\$1,408,400
Utility Billing Operation				
Labor and fringe benefits	\$197,668	\$196,115	\$1,553	\$183,101
Office supplies and postage	16,700	16,666	34	12,561
Operating supplies	3,000	2,483	517	1,103
Outside contracted services	15,000	8,427	6,573	28,084
Total Utility Billing Operation	\$232,368	\$223,691	\$8,677	\$224,849

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

DETAIL OF OPERATING EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,
(Concluded)

	2005			
	Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Distribution System				
Maintenance Expenses				
Labor and fringe benefits	\$461,288	\$394,400	\$66,888	\$433,982
Operating supplies	40,000	60,559	(20,559)	90,529
Telephone	9,000	8,291	709	8,388
Contracted services	16,000	15,652	348	2,948
Certification & permit fees	2,500	7,979	(5,479)	8,105
Total Distribution System Maintenance Expenses	\$528,788	\$486,881	\$41,907	\$543,952
Meter and Meter Shop Expenses				
Labor and fringe benefits	\$77,000	\$73,398	\$3,602	\$52,947
Operating supplies	7,200	6,670	530	3,053
Meter repair parts and testing	6,000	4,745	1,255	1,980
Total Meter and Meter Shop Expenses	\$90,200	\$84,813	\$5,387	\$57,980
Vehicle and Equipment				
Maintenance Expenses				
Labor and fringe benefits	\$19,500	\$19,169	\$331	\$33,325
Gas and oil	25,000	22,437	2,563	18,362
Maintenance materials and contracted services	12,000	5,347	6,653	10,482
Insurance	21,000	18,281	2,719	19,891
Total Vehicle and Equipment Maintenance Expenses	\$77,500	\$65,234	\$12,266	\$82,060
Building Maintenance				
Labor and fringe benefits	\$15,229	\$13,799	\$1,430	\$8,250
Operating supplies	4,000	3,727	273	1,724
Outside contracted services	5,500	4,948	552	5,135
Total Building Maintenance	\$24,729	\$22,474	\$2,255	\$15,109

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES
December 31, 2005

	<u>LaSalle Township</u>	<u>London Township</u>	<u>Village of Maybee</u>	<u>Ida Township</u>	<u>Raisinville Township</u>	<u>Whiteford Township</u>	<u>Total</u>
ASSETS							
Accounts receivable - trade	\$27,640	\$6,035	\$11,377	\$45,791	\$16,825	\$2,929	\$110,597
Due from utilities	<u>7,995</u>	<u>1,574</u>	<u>5,866</u>	<u>11,621</u>	<u>4,279</u>	<u>3,511</u>	<u>34,846</u>
Total Assets	<u>\$35,635</u>	<u>\$7,609</u>	<u>\$17,243</u>	<u>\$57,412</u>	<u>\$21,104</u>	<u>\$6,440</u>	<u>\$145,443</u>
LIABILITIES							
Due to governmental units	<u>\$35,635</u>	<u>\$7,609</u>	<u>\$17,243</u>	<u>\$57,412</u>	<u>\$21,104</u>	<u>\$6,440</u>	<u>\$145,443</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

For the Year Ended December 31, 2005

	<u>December 31, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
LASALLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$24,086	\$133,853	\$130,299	\$27,640
Due from LaSalle Sewage Disposal System	10,317	120,304	122,626	7,995
Total Assets	<u>\$34,403</u>	<u>\$254,157</u>	<u>\$252,925</u>	<u>\$35,635</u>
LIABILITIES				
Due to LaSalle Township	<u>\$34,403</u>	<u>\$133,853</u>	<u>\$132,621</u>	<u>\$35,635</u>
LONDON TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$5,677	\$14,243	\$13,885	\$6,035
Due from Maybee Sewage Disposal System	1,756	10,247	10,429	1,574
Total Assets	<u>\$7,433</u>	<u>\$24,490</u>	<u>\$24,314</u>	<u>\$7,609</u>
LIABILITIES				
Due to London Township	<u>\$7,433</u>	<u>\$14,243</u>	<u>\$14,067</u>	<u>\$7,609</u>
VILLAGE OF MAYBEE AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$9,767	\$36,935	\$35,325	\$11,377
Due from Maybee Sewage Disposal System	5,530	31,711	31,375	5,866
Total Assets	<u>\$15,297</u>	<u>\$68,646</u>	<u>\$66,700</u>	<u>\$17,243</u>
LIABILITIES				
Due to Village of Maybee	<u>\$15,297</u>	<u>\$36,935</u>	<u>\$34,989</u>	<u>\$17,243</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended December 31, 2005

(Concluded)

	<u>December 31, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
IDA TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$42,370	\$176,176	\$172,755	\$45,791
Due from Ida/Raisinville Sewage Disposal System	11,815	148,994	149,188	11,621
Total Assets	<u>\$54,185</u>	<u>\$325,170</u>	<u>\$321,943</u>	<u>\$57,412</u>
LIABILITIES				
Due to Ida Township	<u>\$54,185</u>	<u>\$176,176</u>	<u>\$172,949</u>	<u>\$57,412</u>
RAISINVILLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$14,243	\$63,056	\$60,474	\$16,825
Due from Ida/Raisinville Sewage Disposal System	3,940	54,242	53,903	4,279
Total Assets	<u>\$18,183</u>	<u>\$117,298</u>	<u>\$114,377</u>	<u>\$21,104</u>
LIABILITIES				
Due to Raisinville Township	<u>\$18,183</u>	<u>\$63,056</u>	<u>\$60,135</u>	<u>\$21,104</u>
WHITEFORD TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$1,565	\$33,081	\$31,717	\$2,929
Due from Whiteford Sewage Disposal System	3,168	31,717	31,374	3,511
Total Assets	<u>\$4,733</u>	<u>\$64,798</u>	<u>\$63,091</u>	<u>\$6,440</u>
LIABILITIES				
Due to local units of government	<u>\$4,733</u>	<u>\$33,081</u>	<u>\$31,374</u>	<u>\$6,440</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Accounts receivable - trade	\$97,708	\$457,344	\$444,455	\$110,597
Due from Sewage Disposal Systems	36,526	397,215	398,895	34,846
Total Assets	<u>\$134,234</u>	<u>\$854,559</u>	<u>\$843,350</u>	<u>\$145,443</u>
LIABILITIES				
Due to local units of government	<u>\$134,234</u>	<u>\$457,344</u>	<u>\$446,135</u>	<u>\$145,443</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Accounts receivable - trade	\$27,640	\$24,086
Due from LaSalle Sewage Disposal System	7,995	10,317
Total Assets	<u>\$35,635</u>	<u>\$34,403</u>

LIABILITIES

Due to LaSalle Township	<u>\$35,635</u>	<u>\$34,403</u>
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STATEMENT OF CHANGES IN DUE TO LASALLE TOWNSHIP
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Due to LaSalle Township - Beginning of Year	\$34,403	\$31,009
Add: Sewer use charges	131,787	130,396
Penalties	2,066	1,385
Deduct: Cash remitted to LaSalle Township	122,626	119,519
Delinquent sewer bills transferred to the Township	<u>9,995</u>	<u>8,868</u>
Due to LaSalle Township - End of Year	<u>\$35,635</u>	<u>\$34,403</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LONDON TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Accounts receivable - trade	\$6,035	\$5,677
Due from Maybee Sewage Disposal System	<u>1,574</u>	<u>1,756</u>
Total Assets	<u><u>\$7,609</u></u>	<u><u>\$7,433</u></u>

LIABILITIES

Due to London Township	<u><u>\$7,609</u></u>	<u><u>\$7,433</u></u>
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STATEMENT OF CHANGES IN DUE TO LONDON TOWNSHIP

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Due to London Township - Beginning of Year	\$7,433	\$7,311
Add: Sewer use charges	13,924	13,924
Penalties	319	281
Deduct: Cash remitted to London Township	10,429	10,414
Delinquent sewer bills transferred to the Township	<u>3,638</u>	<u>3,669</u>
Due to London Township - End of Year	<u><u>\$7,609</u></u>	<u><u>\$7,433</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

VILLAGE OF MAYBEE AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	2005	2004
Accounts receivable - trade	\$11,377	\$9,767
Due from Maybee Sewage Disposal System	5,866	5,530
Total Assets	<u>\$17,243</u>	<u>\$15,297</u>

LIABILITIES

Due to Village of Maybee	<u>\$17,243</u>	<u>\$15,297</u>
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STATEMENT OF CHANGES IN DUE TO VILLAGE OF MAYBEE
For the Years Ended December 31, 2005 and 2004

	2005	2004
Due to Village of Maybee - Beginning of Year	\$15,297	\$15,055
Add: Sewer use charges	36,429	34,854
Penalties	506	434
Deduct: Cash remitted to Village of Maybee	31,375	32,095
Delinquent sewer bills transferred to the Village	<u>3,614</u>	<u>2,951</u>
Due to Village of Maybee - End of Year	<u>\$17,243</u>	<u>\$15,297</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Accounts receivable - trade	\$45,791	\$42,370
Due from Ida/Raisinville Sewage Disposal System	<u>11,621</u>	<u>11,815</u>
Total Assets	<u><u>\$57,412</u></u>	<u><u>\$54,185</u></u>

LIABILITIES

Due to Ida Township	<u><u>\$57,412</u></u>	<u><u>\$54,185</u></u>
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STATEMENT OF CHANGES IN DUE TO IDA TOWNSHIP
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Due to Ida Township - Beginning of Year	\$54,185	\$50,998
Add: Sewer use charges	173,135	173,136
Penalties	3,041	2,100
Deduct: Cash remitted to Ida Township	149,188	149,685
Delinquent sewer bills transferred to the Township	<u>23,761</u>	<u>22,364</u>
Due to Ida Township - End of Year	<u><u>\$57,412</u></u>	<u><u>\$54,185</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

RAISINVILLE TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2005</u>	<u>2004</u>
Accounts receivable - trade	\$16,825	\$14,243
Due from Ida/Raisinville Sewage Disposal System	4,279	3,940
Total Assets	<u>\$21,104</u>	<u>\$18,183</u>

LIABILITIES

Due to Raisinville Township	<u>\$21,104</u>	<u>\$18,183</u>
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STATEMENT OF CHANGES IN DUE TO RAISINVILLE TOWNSHIP
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Due to Raisinville Township - Beginning of Year	\$18,183	\$17,834
Add: Sewer use charges	61,902	61,902
Penalties	1,154	885
Deduct: Cash remitted to Raisinville Township	53,903	56,153
Delinquent sewer bills transferred to the Township	6,232	6,285
Due to Raisinville Township - End of Year	<u>\$21,104</u>	<u>\$18,183</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	2005	2004
Accounts receivable - trade	\$2,929	\$1,565
Due from Whiteford Sewage Disposal System	3,511	3,168
Total Assets	<u>\$6,440</u>	<u>\$4,733</u>

LIABILITIES

Due to Whiteford Township	<u>\$6,440</u>	<u>\$4,733</u>
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STATEMENT OF CHANGES IN DUE TO WHITEFORD TOWNSHIP
For the Years Ended December 31, 2005 and 2004

	2005	2004
Due to Whiteford Township - Beginning of Year	\$4,733	\$3,233
Add: Sewer use charges	33,081	21,308
Penalties	0	0
Deduct: Cash remitted to Whiteford Township	31,374	19,808
Delinquent sewer bills transferred to the Township		
Due to Whiteford Township - End of Year	<u>\$6,440</u>	<u>\$4,733</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2005

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Award Amount
Environmental Protection Agency			
Passed through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program			
City of Petersburg Safe Drinking Water Assistance	DWRF Project #7099-01	66.468	\$2,720,000
Total Federal Financial Assistance			<u>\$2,720,000</u>

* These grants are funded with federal and state funds. Both portions are reflected in this schedule. In the City of Petersburg grant, \$16,191 of the \$35,917 expended was determined to be federal funds.

See accompanying notes to schedule of expenditures of federal awards

<u>Accrued (Deferred) Revenue January 1, 2005</u>	<u>Prior Year Expenditures Memo</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Accrual Basis)</u>	<u>Accrued (Deferred) Revenue December 31, 2005</u>
\$0	\$2,684,083	\$35,917 *	\$35,917	\$0
<u>\$0</u>	<u>\$2,684,083</u>	<u>\$35,917</u>	<u>\$35,917</u>	<u>\$0</u>

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2005

Note A

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Monroe County Drain Commissioner, County Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2005

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Monroe County Drain Commissioner, County Agency.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Monroe County Drain Commissioner, County Agency, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for the Monroe County Drain Commissioner, County Agency expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 reported in this Schedule.
7. The City of Petersburg State Drinking Water Revolving Fund Loan, CFDA #66.468, was tested as a major program.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with less than \$300,000 in federal expenditures.
9. The Monroe County Drain Commissioner, County Agency qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

ENVIRONMENTAL PROTECTION AGENCY

None

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2005

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

Environmental Protection Agency

Safe Drinking Water Assistance Program - CFDA No. 66.468

Finding

X1-1 Drinking Water State Revolving Fund Project #7099-01 - Year ended
December 31, 2003

Condition: On the most recent advancement of funds by the DEQ for the County's disbursements an error was disclosed on the monthly billing. The County had drawn an amount from the Drinking Water Revolving Fund that was in excess of disbursements by \$33,982. This amount was correctly reported as deferred revenue in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2003.

Recommendation: Any funds drawn from the Drinking Water Revolving Fund must be returned to the Authority per the provisions of the County's supplemental agreement with the Drinking Water Revolving Fund Program.

The County's accountant failed to properly reconcile the differences in retainage withheld in a prior billing on disbursements for construction expenses.

Current Status: In the subsequent period the excess of funds drawn was offset against the next disbursement request from the Authority. Correspondence also indicates that the County notified the DEQ of this issue. No similar findings were noted in the 2005 audit.



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Daniel Stefanski
Monroe County Drain Commissioner
County Agency
Monroe, Michigan 48161

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Report of Comments and Recommendations

LOCAL AUDIT & FINANCE DIV.

Our audit of the governmental activities and business-type activities of the Monroe County Drain Commissioner, County Agency for the year ended December 31, 2005 was made in accordance with standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements.

Our comments set forth herein are for your review and have been discussed with the appropriate personnel. These comments are based primarily upon procedures employed during our audit and, therefore, do not encompass all matters that might result from special studies directed toward such matters.

Audited Funds

The funds included in our recent audit are as follows:

Administrative Fund
Bedford Sewage Disposal System
Ida-Raisinville Sewage Disposal System
LaSalle Sewage Disposal System
Maybee Sewage Disposal System
South Rockwood Sewage Disposal System
Whiteford Sewage Disposal System
South County Water System
London Township Agency Fund
Ida Township Agency Fund
LaSalle Township Agency Fund
Village of Maybee Agency Fund
Raisinville Township Agency Fund
Whiteford Township Agency Fund
Act 342 Construction Project Funds
Act 342 Debt Retirement Funds

Daniel Stefanski
Monroe County Drain Commissioner

-2-

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$111,133	Bedford O & M
		3,058	Ida\Raisinville O & M
		3,488	Maybee O & M
		117,368	SCW O & M
		4,154	S. Rockwood O & M
		473	LaSalle O & M
Administrative Fund	\$240,085	411	Whiteford O & M
	<u>\$240,085</u>	<u>\$240,085</u>	
Bedford O & M	\$ 97		
Ida\Raisinville O & M	12		
Maybee O & M	5		
SCW O & M	2,243		
S. Rockwood O & M	2		
LaSalle O & M	7		
Whiteford O & M	2	\$2,368	Administrative Fund
	<u>\$2,368</u>	<u>\$2,368</u>	
Ida-Trust & Agency	\$11,621	\$11,621	Ida\Raisinville O & M
Raisinville-Trust & Agency	4,279	4,279	Ida\Raisinville O & M
	<u>\$15,900</u>	<u>\$15,900</u>	
LaSalle Trust & Agency	\$7,996	\$7,996	LaSalle O & M
London Trust & Agency	\$1,574	\$1,574	Maybee O & M
Maybee Trust & Agency	5,866	5,866	Maybee O & M
	<u>\$7,440</u>	<u>\$7,440</u>	
Whiteford Trust & Agency	\$3,511	\$3,511	Whiteford O & M
Totals	<u>\$277,300</u>	<u>\$277,300</u>	

Daniel Stefanski
Monroe County Drain Commissioner

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If you have any questions concerning these comments or the audit report, please contact us. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Cooley Held
Wohlgamuth & Carls

February 17, 2006